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ADAIRS LIMITED | ASX: ADH

24 August 2026

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager

Adairs Limited — Appendix 4E and 2026 Annual Report

Please find attached for immediate release to the market the Appendix 4E (Preliminary Final Report) and the 2026 Annual Report for Adairs Limited for the 52 weeks ended 28 June 2026.

The Appendix 4E is given to ASX under Listing Rule 4.3A and the Annual Report under Listing Rule 4.5.

The following documents are also given to ASX today and are the subject of separate announcements: the FY26 Full Year Results Release; the Appendix 3A.1 Notification of Dividend; the FY26 Full Year Results Presentation; Appendix 4G and 2026 Corporate Governance Statement.

This announcement is authorised for release to the market by the Board of Adairs Limited.

Yours faithfully,

Matt Edmonds
Group Chief Financial Officer & Joint Company Secretary

FOR MORE INFORMATION

Investors
Matt Edmonds
Group Chief Financial Officer
E: investor.relations@adairs.com.au

Company Secretariat
Eryl Baron
Joint Company Secretary
ASX communications contact (LR 12.6)

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APPENDIX 4E
PRELIMINARY FINAL REPORT
52 weeks ended 28 June 2026

1. DETAILS OF THE CURRENT REPORTING PERIOD AND THE PRIOR CORRESPONDING PERIOD

Current period:	30 June 2025 to 28 June 2026 (52 weeks)
Prior corresponding period:	1 July 2024 to 29 June 2025 (52 weeks)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory results

	52 weeks ended 28 June 2026 $'000	52 weeks ended 29 June 2025 $'000	Change %
Revenue from continuing operations	641,747	618,092	+3.8
(Loss) / profit after tax from continuing operations attributable to members	(39,378)	25,682	n.m.
Net (loss) / profit attributable to members	(39,378)	25,682	n.m.

Underlying results

	52 weeks ended 28 June 2026 $'000	52 weeks ended 29 June 2025 $'000	Change %
Sales	641,747	618,092	+3.8
Underlying EBIT	55,002	55,207	-0.4

The table above presents the Group's underlying financial results for sales and earnings before interest and tax ("EBIT"). Underlying EBIT has been calculated to exclude the impact of significant items, including:

- Current period: (i) impact of AASB 16 *Leases*; (ii) SaaS cloud computing project costs; (iii) Focus on Furniture impairment charge; and (iv) Adairs New Zealand exit costs.
- Prior corresponding period: (i) impact of AASB 16 *Leases*; (ii) warehouse management system (WMS) implementation costs; (iii) SaaS cloud computing project costs; (iv) leadership transition costs; and (v) office and warehouse relocation costs.

Refer to the Investor Presentation released to the ASX for a reconciliation between statutory and underlying results.

Dividends

Dividends (ordinary shares)	Amount per security	Franked amount per security
2026 interim dividend	5.5 cents	5.5 cents
2026 final dividend (resolved, not yet provided for at 28 June 2026)	6.0 cents	6.0 cents

Record date for determining entitlements to the 2026 final dividend	8 September 2026
Payment date of the 2026 final dividend	1 October 2026

Commentary of results and operations

Refer to the accompanying Annual Report and Investor Presentation released to the ASX.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Refer to the Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income within the attached Financial Report.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Refer to the Consolidated Statement of Financial Position within the attached Financial Report.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Refer to the Consolidated Statement of Changes in Equity within the attached Financial Report.

6. CONSOLIDATED STATEMENT OF CASH FLOWS

Refer to the Consolidated Statement of Cash Flows within the attached Financial Report.

7. DIVIDEND DETAILS

Refer to Note 24 of the attached Financial Report for further details of dividends during the current period.

8. DIVIDEND OR DISTRIBUTION REINVESTMENT PLAN DETAILS

The Company's dividend reinvestment plan ("DRP") continues to be available to eligible shareholders. The last date for receipt of election notices for participation in the final dividend under the DRP is 9 September 2026. The Company intends to issue new shares to satisfy its obligations under the DRP.

There is currently a 1.5% DRP discount applied to the dividend and no limit on the number of shares that can participate in the DRP. Shares will be allocated based on the average of the daily volume weighted average market price of ordinary shares of Adairs Limited traded over the period of 5 trading days from 10 September to 16 September 2026, less the 1.5% discount.

9. NET TANGIBLE ASSET BACKING PER ORDINARY SECURITY

	As at 28 June 2026	As at 29 June 2025
Net tangible asset backing per ordinary security[1]	-23.5 cents	-24.0 cents

1. The net tangible asset backing includes the Right-of-use assets as per AASB 16 *Leases*.

10. CONTROL GAINED OR LOST OVER ENTITIES IN THE CURRENT PERIOD

There were no entities over which control has been gained or lost during the current period.

11. DETAILS OF AGGREGATE SHARE OF PROFITS OF ASSOCIATES AND JOINT VENTURE ENTITIES

There were no associates or joint ventures during the 52 weeks ended 28 June 2026, or during the prior corresponding period.

12. FOREIGN ENTITIES

All foreign entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

13. COMMENTARY

Refer to the accompanying Annual Report and Investor Presentation released to the ASX.

14. AUDIT AND AUDITOR'S REPORT

This report is based on financial statements which have been audited. The audit opinion is unqualified.

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ANNUAL REPORT 2026

CONTENTS

ABOUT

Important information

FY26 and FY25 were both 52-week periods for statutory purposes. Unless otherwise stated, all references compare the 52-week period in FY26 to the corresponding 52-week period in FY25.

2026 Annual general meeting

The 2026 Annual General Meeting of members of Adairs Limited will be held at Hyatt Centric, 25 Downie Street, Melbourne on 11 November 2026 at 11.00AM (Melbourne time).

Full details will be provided to all shareholders in the Notice of Meeting.

Entity terminology

In this report, references to “Company”, “Group” or “Adairs Limited” refer to the Company (Adairs Limited) as a whole. References to “Adairs”, “Mocka” or “Focus on Furniture/Focus” are references to the relevant business unit.

About Adairs Limited

Adairs Limited (ASX: ADH) is a Group operating leading omnichannel specialty retailers in Australia and New Zealand. The group currently operates three distinct businesses: Adairs, Mocka and Focus on Furniture. The businesses offer a diverse range of home furnishings, furniture, and home décor Each business is design-led, sources and procures its own products, and retails through owned or controlled channels. All businesses are customer-focused and service-oriented, operating as wholly owned subsidiaries of the Company and functioning independently of each other in all material respects, with co-ordinated activities spanning governance, treasury, leasing, supply chain, people and risk/sustainability.

About Adairs

Adairs is a leading specialty omnichannel retailer of home furnishings in Australia. It has a national footprint of stores across several formats and a large and growing online channel. Adairs’ strategy is to present customers with a differentiated proposition that combines on-trend fashion products, quality staples, strong value, and superior customer service. Adairs’ head office is in Melbourne, Australia.

For further information visit **www.adairs.com.au**

About Mocka

Mocka is a omnichannel vertically integrated home and living products designer and retailer operating in Australia and New Zealand. Mocka sells its own exclusive, well-designed, functional and stylish products in the Home Furniture & Décor, Kids and Baby categories. Delivering great products and compelling everyday value for money is core to the Mocka customer proposition. During 2026 Mocka opened its first standalone retail store as part of a deliberate test of physical retail, complementing its established online channel. Mocka’s head office is in Brisbane, Australia.

For further information visit **www.mocka.com.au**

About Focus on Furniture

Focus on Furniture is an omnichannel furniture and bedding retailer offering well-designed, functional, and on-trend products at great value for money through its network of stores in Australia and its online channel. The business is characterised by its attention to customer service, support, product quality, and range. Focus on Furniture’s head office is in Melbourne, Australia.

For further information visit **www.focusonfurniture.com.au**

KEY FY26 HIGHLIGHTS

DISCIPLINED PROGRESS

Vision 2030 moved from design to delivery in its first full year – significant structural improvement at Adairs, continued strong growth at Mocka, decisive portfolio action, and a candid reset at Focus on Furniture.

COST WELL CONTROLLED

Cost management remained a priority. Leverage impacted by the underperformance of Focus on Furniture, despite productivity gains within the store portfolio and on supply chain offsetting ongoing inflationary pressures.

SUSTAINABILITY

Continued progress. First mandatory climate-related disclosures prepared in accordance with AASB S2.

GROUP SALES OF $642 million

UP +3.8%

Sales growth at Adairs and Mocka, partially offset by a sales decline at Focus on Furniture.

GROUP GROSS PROFIT OF 47.1%,

UP +30BPS

Margin expansion driven by sourcing discipline and range elevation, optimised inventory and lower depth of discount.

UNDERLYING GROUP EBIT[1] OF $55.0 million

Strong Underlying EBIT growth at Adairs and Mocka, offset by an earnings decline at Focus on Furniture.

STATUTORY NET LOSS AFTER TAX OF $39.4 million

Reflects the non-cash impairment of goodwill and brand intangibles at Focus on Furniture, SaaS technology project costs and Adairs New Zealand exit costs. The impairment does not affect the Group's cash flows, financing facilities or covenant position.

ADAIRS: VISION 2030 GAINING TRACTION

Sales: $459 million

UP +3.9%

Elevating product, growing earnings and simplifying operations. Customers responding well to range rejuvenation and elevation. NZ market exited and ERP upgrade advancing well. Sales of $459.2 million, up +3.9%. Underlying EBIT of $41.1 million, up +14.9%.

MOCKA: ANOTHER STRONG YEAR OF GROWTH

Sales: $71 million

UP +22.9%

New ranges and category expansions are resonating positively with customers. Refined pricing and promotional strategy supporting margin growth. Standalone physical retail trial commenced in June. Australian sales up +38.0% and New Zealand up +0.4%. Underlying EBIT of $10.1 million, up +32.1%.

FOCUS: POOR PERFORMANCE – A RESET AND TURNAROUND UNDERWAY

Sales: $111 million

DOWN -5.6%

Leadership transition implemented. Q4 execution issues and missteps exacerbated challenges in a softer market for larger-ticket goods, with a clear plan established to remediate these issues and improve execution and the customer experience. Sales down –5.6% and Underlying EBITof $3.8 million.

1. Underlying results exclude (i) impact of AASB 16 *Leases*; (ii) SaaS cloud computing project costs; (iii) Focus on Furniture impairment charge; and (iv) Adairs New Zealand exit costs. Refer to the Directors' Report and FY26 Investor Presentation for a reconciliation of statutory and underlying results.

CHAIR'S REPORT

Dear Shareholders,

I am pleased to present the 2026 Annual Report of Adairs Limited (the "Company") and its subsidiaries (the "Group").

DISCIPLINED PROGRESS, STRONG PERFORMANCE AT ADAIRS AND MOCKA, RESET AT FOCUS ON FURNITURE

FY26 was the first full year of the Group's refreshed strategy – Vision 2030 – under Elle Roseby's leadership, and the year in which that strategy moved from development into delivery.

Vision 2030 is a strategy setting process Elle has worked through with each business in the Group. It is a framework which focuses on product and brand, the customer, and ways of operating. The method focuses our leadership teams on what matters most in terms of long-term strategy setting, identifying drivers of growth and differentiation, and framing our financial ambition.

Vision 2030 also allows space for each business in the Group to adapt strategy for its own operating model, market position, customer value proposition and stage of development.

The results at Adairs and Mocka are both starting to show the benefits of their Vision 2030 plans and execution, while Focus on Furniture is in the early stages of a material near-term reset which is a precursor to the implementation of longer term strategy plans for the business.

Two of our three businesses made genuine progress and delivered pleasing results, albeit not yet near to their full potential – which is exciting.

Adairs grew sales, expanded gross margin across Q2-Q4 and improved inventory productivity – outcomes that reflect deliberate changes to how the business designs, sources, ranges and presents its product.

Mocka delivered another year of strong, profitable growth and took its first carefully measured steps into physical retail. Customers again responded well to new ranges and expansion into new product categories.

Focus on Furniture underperformed, and we address that plainly in this report. The causes sat substantially within our control – we own them, and we have acted – rebuilding the operating visibility and disciplines the incoming team lacked through an abrupt leadership transition, unwinding the decisions that proved costly in the fourth quarter, putting in place a more sustainable leadership structure, commencing a product-led turnaround of the business, and resetting its carrying value to reflect current trading reality.

We also made the decision to exit the loss-making Adairs New Zealand business. Exiting a market is not easy – particularly one served with such care by our New Zealand team over many years – but concentrating the Group's capital and management energy where the returns reflect the financial discipline enabling the broader strategy. The decision also reflects a wider drive to simplify our businesses where the returns do not justify the incremental workload, capital and complexity.

FY26 FINANCIAL PERFORMANCE

The Group delivered sales of $641.7 million, up +3.8% on the prior year, with growth at Adairs (+3.9%) and Mocka (+22.9%) partially offset by a decline at Focus on Furniture (–5.6%). Underlying EBIT of $55.0 million was broadly in line with the prior year, with strong earnings growth at Adairs and Mocka offset by the decline at Focus on Furniture.

The statutory result reflects a number of significant items: a non-cash impairment of the carrying value of goodwill and brand intangibles at Focus on Furniture ($63.5 million), Adairs New Zealand exit costs ($2.5 million), and SaaS technology project costs incurred in relation the Adairs ERP and digital transformation ($18.6 million). After these items, as well as the impact of AASB 16 Leases, the Group recorded a statutory net loss after tax of $39.4 million. Importantly, the impairment charge does not affect the Group's cash flows, financing facilities or covenant position.

The Board has declared a final fully franked dividend of 6.0 cents per share, taking total dividends for FY26 to 11.5 cents per share. Given the significant non-cash items in the statutory result, the Board considered it appropriate to assess the FY26 payout against Underlying NPAT, of which it represents approximately 59%. In determining the dividend, the Board had regard to the Group's operating cash flow, balance sheet capacity and franking position.

BUSINESS UNIT PERFORMANCE

Adairs demonstrated that Vision 2030 is translating into improved results. The rejuvenation of the categories that matter most to our customers – bed linen, bedding, towels and cushions – triggered a strong customer response, and the same more curated, elevated handwriting is now being extended across the broader product range.

Like-for-like sales growth in stores of +1.4%, online growth of +9.4%, gross margin expansion across Q2-Q4 and improved inventory productivity together give the Board confidence that the improvement is durable rather than cyclical.

Mocka continued its strong trajectory, with Australian sales up +38.0%, and commenced a deliberate test of physical retail, opening its first standalone store at Maroochydore in June 2026 and expecting three stores to be trading by Q3 FY27. The expansion into a new and operationally intensive channel warrants a methodical approach and careful planning, and we are pleased with the progress made across FY26. Management are approaching this channel expansion in a measured, evidence-led way which is important as they lay the foundations for high-quality trial results as a precursor to further expansion in the retail channel.

Focus on Furniture had a difficult year, and the shape of that year matters. Trading (indicated by written sales) was broadly stable across the first three quarters – however this stability belied a continued leakage in market share over multiple years and confirmed the need for renewal in a business that had lost pace with the market on product range, store presentation and marketing.

In the fourth quarter, some consequences of an abrupt leadership transition and inadequate handover in the second and third quarters crystallised.

Deep operating knowledge had been concentrated in the departing founder-led team and transferred only partially, leaving the incoming leadership to make significant decisions reactively and with limited data – decisions that were cautious on the information available, but several of which proved costly through the most important selling window of the year during the fourth quarter. These outcomes occurred on our watch and we own them.

The Board has reviewed how this occurred, including the strength of governance of our business units, adequacy of transition planning and the speed with which the gaps were identified and addressed. As part of that response, the Board has strengthened the role of the Business Unit Advisory Committees for Focus on Furniture and Mocka – each with non-executive director participation – deepening the support, guidance and independent challenge available to divisional management.

A more sustainable management structure is now in place at Focus on Furniture. With full operating visibility now available, the diagnosis has sharpened – with stock flow and the product range identified as the primary lever for correction and value creation. A product-led turnaround program is underway.

The Board is closely engaged with the pace and substance of this work and has reset the carrying value of the business to reflect current trading reality. We expect a difficult first half of FY27, with the benefits of the change program beginning to emerge from the latter part of the year and building into FY28.

BOARD AND GOVERNANCE

Board renewal continued in FY26 with the appointment of John Batistich as a non-executive director in May 2026. John brings extensive experience from board and leadership roles across brand, marketing, leasing, technology and human resource management in consumer-facing businesses. John's addition to the Board further strengthens the Board's capability to oversee the Group's customer-led strategy.

Non-executive director participation on the Business Unit Advisory Committees of Focus on Furniture and Mocka has continued to deepen the connection between the Board and these businesses at an important stage of their development.

The appointment of Matt Edmonds as Group CFO has been an important addition to the Group's leadership and governance capability. Matt brings extensive retail experience across Australia and international markets, together with a strong track record of bringing financial discipline, cost control and clear-eyed commercial decision-making to the businesses in which he has worked. We have been very pleased with the contribution Matt is already making to the Group and the perspective and discipline he brings to our decision-making.

This Annual Report also contains the Group's first climate-related financial disclosures prepared in accordance with the mandatory Australian Sustainability Reporting Standard AASB S2. We have prepared for this obligation over several years, and the Audit & Risk Committee has overseen the governance and assurance arrangements that support these disclosures.

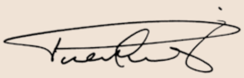
OUTLOOK

FY27 will be a year of continued delivery: the go-live of the new core ERP systems at Adairs early in the year; the progressive rebuild at Focus on Furniture, where we expect a difficult first half before the benefits of the turnaround program begin to emerge in the latter part of the year; and the first trading evidence from Mocka's stores. We are conscious of a renewed inflationary environment and remain focused, as always, on the factors within our control. The drive to simplify operations, seek out unnecessary complexity and drive product is a real focus of Elle and her team and the board support it strongly.

The Board is confident in the direction of the Group. We are not yet at half-time in the Vision 2030 plan, and much of the benefit of the work of the last eighteen months is yet to come.

THANK YOU

On behalf of the Board, I thank Elle and her leadership team for the pace and honesty with which they have led the Group this year, and our team members across all three businesses – including those who supported the closure of the Adairs business in New Zealand with great professionalism and care. Finally, I thank you, our shareholders, for your continued support. We remain confident in the Group's ability to deliver sustainable, profitable growth and create long-term value for shareholders.



Trent Peterson
Independent Non-Executive Chair

MANAGING DIRECTOR AND GROUP CEO'S REPORT

Dear Shareholders,

At its heart great retail is about understanding the customer, knowing their needs, preferences and aspirations, and translating that insight into curated ranges and compelling brand experiences.

It is underpinned by seamless execution and operational excellence, supported by teams whose deep knowledge, expertise and shared commitment deliver great results every day.

While each of our businesses is at a different point in its journey, the common direction is clear — to strengthen the customer proposition across the products we sell and the experience we deliver in our stores and online, and to build more scalable platforms for long-term growth.

During FY2026 our teams demonstrated resilience, adaptability and an unwavering focus on our customers. These efforts enabled us to strengthen our businesses, improve the quality of our earnings, reduce debt and continue investing in the foundations required for long-term growth.

Our priority throughout the year was not simply on growing sales, but on improving the health and quality of the businesses. Across the Group we continued to refine our product ranges, strengthen customer engagement, improve operational productivity and allocate capital more deliberately. We also made several important strategic decisions, including exiting the loss-making Adairs New Zealand business and commencing a comprehensive turnaround program for Focus on Furniture. These decisions create a simpler and stronger platform from which to build future shareholder value.

Vision 2030 remains the strategy setting framework guiding the Group and each business within. The work undertaken during FY26 reinforces my belief in the strength of our businesses and their brands, the capability of our teams and the opportunities available to us across the home furnishings and furniture categories. While there remains considerable work in the turnaround of Focus, the momentum generated during the year with Adairs and Mocka provides confidence that we are building a stronger and more valuable business for the future.

GROUP PERFORMANCE

The Group delivered sales of $641.7 million in FY26, an increase of +3.8% on the prior year. Growth was primarily driven by our digital channels, with online sales increasing +12.6% to $209.2 million and representing 32.6% of Group sales. Adairs contributed the largest share (in dollars) of that growth, up +3.9%, while Mocka again delivered the strongest growth rate at +22.9%. Together these more than offset a -5.6% sales decline at Focus on Furniture.

The Group's gross profit increased +4.4% to $302.2 million, with gross profit margin expanding +30bps to 47.1%. The gross margin expansion was especially pleasing at Adairs across Q2 to Q4, whilst margin expansion at Mocka built on the momentum established in FY25 and emerged steadily throughout the year.

Underlying EBIT of $55.0 million was broadly in line with the prior year. Strong earnings growth from Adairs and Mocka was offset by the challenging performance of Focus on Furniture as that business commenced its reset journey.

Underlying NPAT increased +1.7% to $34.6 million.

The Group recorded a statutory loss after tax of $39.4 million. This result reflects significant non-recurring and largely non-cash items, including the impairment of Focus on Furniture goodwill and brand intangibles, the exit of Adairs New Zealand, and SaaS-related technology transformation costs associated with our ERP program.

These items do not reflect the underlying trading performance or cash-generating capability of the Group. Importantly, the impairment is non-cash and does not affect the Group's cash flows, funding facilities or covenant position.

Net debt reduced by $20.0 million to $47.6 million, representing gearing of 0.7x Underlying EBITDA, reflecting strong cash generation and disciplined capital management.

The Board has declared a final fully franked dividend of 6.0 cents per share, taking total dividends for FY26 to 11.5 cents per share, up +9.5% on the previous year.

STRATEGY EXECUTION

FY26 marked the first full year of executing Vision 2030 in Adairs and Mocka. The framework is designed to strengthen our competitive position through differentiated products, deeper customer relationships and a simpler, more scalable operating platform, and it now extends to Focus on Furniture through the turnaround program underway there.

The Vision 2030 strategy has developed more slowly a Focus on Furniture where longer-term planning horizons have taken a back seat to implementing the management transition and turnaround actions. The turnaround task is the immediate priority at Focus on Furniture. The business must be reset and stabilised before long-term strategy planning can be carefully considered and implementation of a Vision 2030 plan for Focus on Furniture can begin with solid foundations.

We continued investing in our brands, improving customer engagement through enhanced loyalty programs and digital capabilities, whilst simultaneously driving productivity across stores, supply chain, inventory investment and support functions. Encouragingly, we have started to see these initiatives translate into improved sales quality, stronger gross margins at Adairs and Mocka, driving improved returns on capital.

ADAIRS

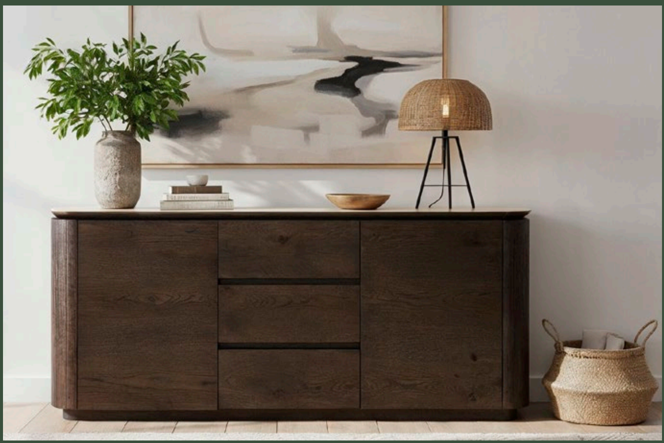
Adairs delivered another strong year, achieving record sales of $459.2 million, up +3.9% on the prior year, with like-for-like store sales growth of +1.4% and online sales growth of +9.4%. Underlying EBIT increased +14.9% to $41.1 million, an Underlying EBIT margin of 9.0% compared to 8.1% in the prior year, supported by stronger product assortments, improved full-price sell-through and disciplined cost management. Following a deliberate inventory clearance program in the first quarter, gross margin gains accelerated across H2.

The product transformation continued to gain traction, particularly across bedlinen, bathroom, home fragrance and styling categories. Our focus on design-led newness, improved curation and clearer category authority has strengthened customer engagement whilst reducing reliance on deep promotional activity.

Customer loyalty remains a significant competitive advantage. Linen Lovers held steady at over one million paying members during FY26 and continued to contribute more than 80% of Adairs brand sales. The launch of our Qantas Frequent Flyer partnership created an important new customer acquisition channel, accounting for approximately one third of new member acquisitions, and improved member engagement.

We also continued investing in our Store of the Future concept, with the Bondi Junction pilot validating key elements of the format. Customers responded strongly to the new store experience, delivering significant uplifts in conversion and in category penetration across new ranges. Learnings from this initiative are now being selectively incorporated across the broader store network in a disciplined and scalable manner.

During the year Adairs opened five new stores (Charlestown, Epping, Ellenbrook and Eastern Creek Quarter, Manawa Bay – subsequently closed), and upsized or refurbished a further three stores



(Bendigo, Wagga Wagga and Bondi Junction). We also closed five underperforming stores in Australia, reflecting our disciplined approach to portfolio management.

A significant strategic decision during the year was the exit of the Adairs New Zealand operations, with all eight stores and the New Zealand website ceasing to trade by, or shortly after, the end of June 2026. While our operations in the market contributed less than 3% of total Adairs business unit sales, it had not achieved the scale required to generate acceptable returns from the New Zealand operation as a whole. The FY26 statutory result includes exit costs of $2.5 million, which have been excluded from underlying earnings.

This decision enables management to focus resources on higher-return opportunities within Australia. I sincerely thank our New Zealand team members for the care they showed our customers, and each other, throughout the closure.

MOCKA

Mocka delivered another year of strong growth, with sales increasing +22.9% to $71.2 million — Australian sales up +38.0% and New Zealand up +0.4% — and Underlying EBIT increasing +32.1% to $10.1 million, representing an Underlying EBIT margin of 14.1%. Gross margin expanded across the year, reflecting strong product innovation, improved inventory quality and reduced promotional intensity.

The business continued to invest in differentiating its design-led product positioning and enhancing customer understanding and insights. New category expansion into outdoor, youth, lighting and sofas broadened Mocka's addressable market and strengthened its position as a whole-of-home lifestyle brand.

FY26 also marked an important milestone with the opening of Mocka's first standalone store at Maroochydore (QLD), in June 2026. A second store followed in July 2026 through the takeover of the full Tower Junction (NZ) site, previously co-located with Adairs. An initial network of three will be completed with the opening of Mornington (VIC), expected in Q3 FY27. This forms part of a deliberate test-and-learn approach to evaluate the role of physical retail within Mocka's operating model. Early customer engagement has been encouraging, and we expect meaningful evidence of store performance once the stores have traded for six to nine months.

In Q4 the business commenced utilizing space within Adairs' National Distribution Centre in Melbourne. This addition has avoided an increased cost due to an emerging capacity constraint in facility and improves fulfilment capability to customers located in Australia's southern states and the first Mocka Victorian store – while maintaining high customer satisfaction levels.

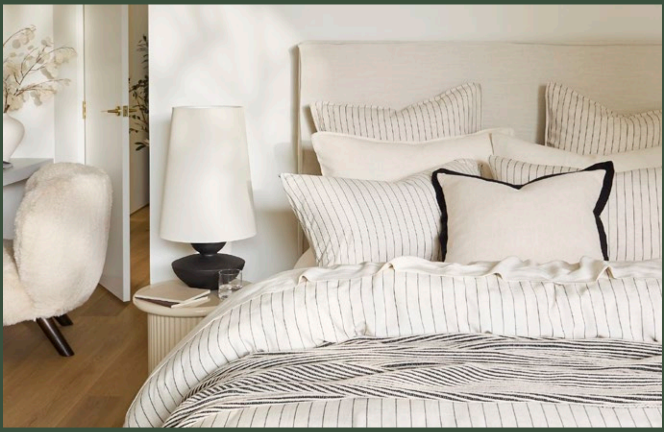
FOCUS ON FURNITURE

FY26 was a challenging year for Focus on Furniture and represents the commencement of an important reset period for the business. Sales declined -5.6% to $111.3 million and Underlying EBIT fell -67.6% to $3.8 million. Trading was particularly difficult in the fourth quarter – the most seasonally important selling window of the year. In this period the business experienced significant trade disruption following an abrupt leadership transition, inventory and order management interruptions, and implementing discounting controls that proved too restrictive for our store teams to maintain customer conversion at normal levels.

Following a detailed review, the Group recognised a non-cash impairment of Focus on Furniture goodwill and brand intangibles of $63.5 million. This impairment reflects a more conservative assessment of expected future earnings and establishes a more robust financial baseline for the turnaround program now underway.

While the business underperformed, important foundational work was undertaken during the second half of FY26. A more sustainable management structure is now in place, led by a new Chief Executive Officer who commenced in late November 2025. The turnaround is organised around three pillars: product and range renewal; brand and customer; and excellence in retail execution.

Progress against the turnaround program has commenced, with initiatives focused on remediating stock availability issues in the near term, product and range renewal, improved in-store presentation, enhanced marketing effectiveness and stronger retail operating disciplines. Early indicators include the performance of the refurbished Frankston store,



growth in made-to-order penetration, stability in margins emerging, standardised visual merchandising completed across the majority of stores, the opening of the new Tuggerah store in New South Wales in March 2026. The stock flow problems will progressively improve across the course of H1 FY27. Our team is excited about some of the new ranges and designs which are coming in FY27, and the cadence of change is accelerating. Importantly, the confidence of our Focus on Furniture leadership team in the strategy is also building, enabling faster and more decisive execution.

We expect a difficult first half of FY27 as the weaker fourth-quarter order book and inventory availability and lead times for customers carries into the new financial year. We expect the benefits of the program will begin to emerge more clearly in the second half of FY27 and building into FY28. This is a multi-period reset rather than a first-quarter improvement.

We also remain committed to a national Focus on Furniture network. The concept is proven beyond Victoria — in New South Wales, Queensland, South Australia and the ACT — and trades from 27 showrooms today with attractive store economics. As the turnaround takes hold we intend to re-initiate the roll-out, targeting a network of 40 to 50 stores over approximately five years.

OPERATIONAL EXCELLENCE AND TECHNOLOGY

Simplifying the way we do business remains a core priority across the Group, and is particularly important at Adairs. During FY26 we continued to drive productivity improvements throughout the organisation, which has a benefit of enhancing cashflow, reducing Group inventory by 5.0% and lowering net debt by $20.0 million. Underlying net cash flow from operating activities was $65.0 million, up from $30.4 million in FY25.

A major area of continued investment during the year was the replacement of Adairs' core technology systems. This is one of the most important technology initiatives undertaken by the Group and is expected to unlock significant improvement in merchandise planning, supply chain management and operational efficiency. The program is well progressed toward a go-live early in FY27, with a material share of the cost already absorbed in FY26 and testing advancing to plan. We enter FY27 focused on delivering a successful go-live while carefully managing the associated execution risks. Group capital expenditure of $15.6 million included store development across the brands and continued investment in this program, with a further $18.6 million of cloud-based technology costs expensed in-line with accounting requirements (including $2.8 million of legacy system asset write-offs).

SUSTAINABILITY, PEOPLE AND GOVERNANCE

FY26 was an important year in advancing our sustainability and governance agenda. We completed our first climate-related financial disclosures in accordance with AASB S2 and undertook the Group's first comprehensive climate scenario analysis. We also established emissions baselines and enhanced governance frameworks to support future climate reporting obligations.

Across the business, waste reduced by 19.8% and landfill waste reduced by 30.1%. Through the generosity of our customers and team members, more than $180,000 was raised for Orange Sky, while 8,489 kilograms of product was donated through our Red Cross Australia partnership.

Our people remain at the centre of everything we do. During FY26 we introduced paid parental leave effective from FY27, relaunched our Adairs Code of Conduct and maintained a strong focus on inclusion and diversity. Female representation was 50% on the Board and 47% within the Executive Leadership Team, with women comprising 87% of our total workforce.

OUTLOOK

We consistently see across our businesses that customers are trend and quality aware, discerning and value conscious – however they continue to care about how they present their homes and how they live in them. They respond well and quickly to great product and engaging retail experiences. We expect FY27 to be a year where excellence in how we engage our customers and execute will be especially important.

The Group enters FY27 with momentum in both Adairs and Mocka, a clear turnaround strategy underway at Focus on Furniture, and a simpler operational structure following the exit of Adairs New Zealand.

We enter FY27 in a renewed inflationary environment. Higher oil-driven cost inflation in transportation and logistics was largely mitigated through active management in FY26 and that work continues, however the pressures have not subsided. Against that, the lower-rate currency hedging we carried through FY26 has been substantially worked through and our effective exchange rate should improve into FY27. Taken together, I would describe the input cost picture as demanding but managed. The opportunity to continue to improve gross margins in FY27 is available in all of our businesses if we execute well.

Our priorities for FY27 are clear:

- Execute the Focus on Furniture turnaround plan.
- Continue to differentiate and elevate our product offering in all businesses.
- Prove the retail model of Mocka to progress Mocka's omni-channel expansion.
- Scale the Adairs Store of the Future concept.
- Successfully implement our new Adairs ERP platform.
- Continue improving gross margin and inventory productivity.

While challenges remain, I am confident that our strategy, our brands and our people position us well for the years ahead.

FY26 asked a great deal of our people. It was a year of change in every one of our businesses. To our team members across Adairs, Mocka and Focus on Furniture: thank you for the energy, honesty and care you brought every day. Retail is a people business before it is anything else, and everything this year produced – the ranges customers responded to, the changes made, the problems we found and set about fixing – came from you. I am proud to work alongside you.

I am grateful too to our Board, whose support and constructive challenge sharpened our thinking throughout the year; to our suppliers, whose partnership turns our ideas into product; and to our customers, who let us into their homes. Helping you make your home a place you love is a privilege.

And to our shareholders: thank you for your ongoing support. The larger part of the work, and of the reward, is still in front of us, and I look forward to reporting our progress.

N. Al

Elle Roseby
Managing Director
Group Chief Executive Officer

2026 SUSTAINABILITY REPORT

CONTENTS

A MESSAGE FROM OUR GROUP CEO

Welcome to the FY26 Sustainability Update.

It is with both passion and purpose that I introduce this year's sustainability update. Throughout my career in retail, I have championed sustainability as a core business imperative. To be sustainable is to operate in a way that is environmentally, socially, and economically responsible – ensuring today's decisions support long-term growth without compromising the wellbeing of future generations. At Adairs, I see a company with the heart, ambition, and capability to be a responsible corporate citizen – one that aligns purpose with performance to create lasting value.

Our sustainability efforts are guided by our Sustainability Working Group, which draws together representatives from across our brands – Adairs, Mocka and Focus on Furniture – and our Group Risk, Compliance and Quality functions. Under its refreshed Charter, the Working Group now meets quarterly, is chaired by our Group General Manager – Risk, Compliance & Sustainability, and submits initiative business cases to our Executive Leadership Team. This senior executive accountability ensures our sustainability strategy is driven consistently across the Group.

FY26 is the Group's first year reporting in accordance with AASB S2. Section 2.2 sets out our governance, strategy, risk management and emissions accounting in detail, with limited assurance provided by Ernst & Young.

The Group is advancing its sustainable packaging program. During FY26, we continued to invest in the tools and expertise needed to drive our APCO goals, building on our work toward the National Packaging Targets and our transition away from problematic materials to recyclable and reusable alternatives.

Beyond our environmental impact, we remain deeply committed to social responsibility. Our partnership with Orange Sky continues to grow. In FY26, the Group,

“Sustainability is not a destination – it’s a journey of continuous improvement, innovation, and stewardship.”

together with its customers and team, contributed over $180,000, taking our total contribution since 2019 to over $1.25 million.

To our customers, team members, shareholders, suppliers and other business partners – thank you. Your support drives our commitment and keeps us accountable. Sustainability is not a destination – it’s a journey of continuous improvement, innovation, and stewardship, and I look forward to sharing our continued progress with you.

N. Al

Elle Roseby
Managing Director
Group Chief Executive Officer

SUSTAINABILITY GOALS

Businesses around the world have a vital role to play in advancing sustainability. While the scale and nature of their impact may vary depending on industry, geography, and size, all organisations share a responsibility to contribute to a common set of global goals. The United Nations Sustainable Development Goals ("SDG") provide a universal framework aimed at improving health and education, reducing inequality, fostering economic growth, and addressing climate change while protecting the planet's natural resources.

As specialist retailers of home furniture and home furnishings, the Group's ability to address individual SDGs varies, and our focus is on those most relevant to our operations. The achievement of our sustainability goals is underpinned by a series of initiatives organised under three pillars – People, Planet and Product.

PEOPLE

Upholding human rights, safety and fairness across our operations and supply chain.

PLANET

Reducing waste, emissions and our impact on the natural environment.

PRODUCT

Sourcing, making and packaging our products responsibly, end to end.

PILLAR	FOCUS OF INITIATIVES
People	Upholding human rights across our operations and supply chain (including measures to prevent modern slavery); treating all individuals in our supply chain with dignity, respect and fairness; supporting the communities in which we operate; and fostering a safe, inclusive and empowering workplace.
Planet	Addressing climate change, reducing waste and minimising our impact on the environment.
Product	Ensuring our products are sustainably sourced, manufactured and responsibly packaged; enabling products to be recycled or reused at end-of-life; and communicating our sustainability efforts and outcomes clearly to stakeholders.

1. PEOPLE

Upholding human rights, empowering our team, and supporting the communities in which we operate.

1.1 Ethical Sourcing

The Group is committed to ethical sourcing and seeks to partner with suppliers who operate in accordance with international laws, regulations, and ethical standards. The Group's Ethical Sourcing Policy and latest Modern Slavery Statement can be viewed on the Corporate Governance page of its investor relations website.

The Group's supply chain is global and inherently complex, spanning multiple countries and involving various tiers of suppliers and subcontractors throughout the production process. These factors can raise the risk of unethical practices so require rigorous oversight, robust governance frameworks, and continuous monitoring to ensure ethical and responsible sourcing.

Over the past year, the Group has focused on streamlining its supplier base, with the goal of reducing the total number of engaged suppliers. In parallel, steps are being taken to diversify our geographic sourcing footprint to mitigate concentration risk. While China (including Hong Kong) remains our largest country of origin, the Group continues to look for opportunities to increase the overall percentage of production in other markets.

COUNTRY OF ORIGIN[1]	ADAIRS	FOCUS	MOCKA	GROUP
China (inc HK)	68%	92%	99%	73%
India	10%		1%	8%
Bangladesh	6%			5%
Australia	8%			7%
Vietnam	4%			3%
Malaysia		8%		1%
Turkey	3%			2%
Other Various	1%			1%
Total	100%	100%	100%	100%

SUPPLIERS[2]	ADAIRS	FOCUS	MOCKA	GROUP
Number of suppliers	205	24	25	254
Concentration[1]				
Largest supplier	15%	23%	30%	
Top 10	49%	91%	85%	
Top 20	67%	99%	98%	

C.92% OF ADAIRS' PRODUCTS ARE SOURCED OUTSIDE OF AUSTRALIA

1 Percentage of total stock purchases by value for that brand (FY26).
2 Suppliers across all tiers as at June 2026. One supplier may have more than one factory across different tiers. The total number of factories across all tiers is approximately 725.

A key tool in managing the Group's ethical sourcing program is its Supplier Code of Conduct.

1.1.1 Supplier Code of Conduct

The Group has a Supplier Code of Conduct that sets out the Group's governance and ethical sourcing expectations. All suppliers, subcontractors and third-party operators are required to acknowledge and comply with the Code before commencing work for the Group. During FY26, the Group continued implementation of its updated Supplier Code of Conduct across new and existing suppliers. The Code reinforces expectations relating to human rights, modern slavery, worker safety, environmental responsibility, business integrity, whistleblower protections and supply chain transparency.

The Supplier Code of Conduct covers:

- human rights (including child labour, harassment, discrimination, freedom of association, grievance procedures, wages and working hours);
- forced labour (including modern slavery);
- safe working conditions;
- restricted raw materials and practices (ensuring banned substances and banned processes are not used in or on any Adairs product), and animal welfare protections;
- environment (multiple initiatives to promote greater environmental responsibility);
- business licenses and registrations;
- transparency (across end-to-end production process);
- unauthorised sub-contracting; and
- anti-bribery and corruption.

Adairs communicates regularly with suppliers to discuss matters including ethical risk mitigation and to ensure suppliers understand and comply with its requirements.

1.1.2 Subcontractors

Given the practical limitations on Adairs having direct management of, or involvement in, the lower levels of its supply chain, the Group places the onus for managing subcontractors' compliance with its Code of Conduct on its upstream suppliers. These suppliers have a direct relationship with the relevant subcontractor and are expected to visit subcontractor factories frequently to monitor and ensure compliance with the Group's Code of Conduct. Regardless of where a subcontractor sits in the supply chain, the Group seeks to have all subcontractors identified and approved before any subcontracting work can commence.

The Group complements this process with periodic visits to subcontractors by independent agents of the Group to confirm compliance. The use of undisclosed subcontractors is strictly prohibited under the Code of Conduct and measures are in place to investigate any suspected breaches of these requirements.

In FY26, the Group's ethical sourcing team, working with a third-party inspection provider, identified a small number of instances of suppliers utilising unapproved subcontractors. While this constituted a breach of the code, the team took a collaborative approach with the suppliers to re-educate them on expectations and onboard the previously unapproved factories following a thorough due diligence process. This is aligned with our principle of remediation, where possible, before taking stronger measures where necessary.

1.1.3 Onboarding

The Group's onboarding procedures begin with a rigorous due diligence process of all new suppliers. This is overseen by the Risk & Compliance team, operating independently of the Product team. This multi-step process ensures new partners meet the Group's high ethical standards and includes:

- Third-Party Audits: Social compliance audits conducted by pre-approved, independent auditors are undertaken and reviewed.
- Detailed Self-Assessments: Suppliers must complete comprehensive factory self-assessments, including verifiable evidence and photographs to support their claims.
- On-Site Visits: A risk-based approach is taken to prioritising factory visits by the ethical sourcing and product teams each year. New factories are prioritised as part of this process to ensure alignment with the Code of Conduct.
- Subcontractor Transparency: Suppliers are required to disclose all subcontractors involved in production for review and approval by Adairs.

By implementing these thorough procedures, the Group can be confident that new suppliers adhere to its high ethical sourcing standards before entering into any agreements.

1.1.4 Traceability

During FY26, the Group strengthened its traceability program and achieved visibility of approximately 90% of Tier 2–4 suppliers associated with its top 10 suppliers and 75% of Tier 2–4 suppliers associated with its top 20 suppliers. This work has provided greater transparency into the Group's upstream supply chain and enhanced its ability to identify and assess potential ethical sourcing risks.

To address the remaining gaps, the Group has implemented a targeted remediation plan, including enhanced supplier engagement, strengthened contractual disclosure requirements, and additional verification activities focused on higher-risk suppliers and sourcing regions. The Group remains committed to achieving end-to-end supply chain traceability and will continue progressing this work throughout FY27.

1.1.5 Modern Slavery

The Group has procedures in place to identify if modern slavery exists within its supply chain and broader business. Vigilance is required as risks remain, particularly where operations are several steps removed from the Group's direct involvement.

The Group recognises the importance of ensuring that its supply chain and broader business are free of modern slavery and uses four primary tools to identify where it may inadvertently cause, contribute to, or be linked to potential risks of modern slavery:

TOOL	EXPLANATION
Dedicated internal resources and the use of industry-leading external specialists	The Group has a dedicated internal Ethical Sourcing team that collaborates closely with leading ethical sourcing expert organisations to provide Modern Slavery expertise and support throughout its entire business, including sourcing markets and supply chains.
Independent audits	The Group requires all its Tier 1 factories to provide a current Social Compliance Audit, carried out by an independent and suitably qualified party. These audits include worker interviews in both group and individual settings by experienced specialists who have the knowledge and skills to identify any weaknesses or issues.
Factory visits	The Group has a program of in-person factory visits across the supply chain. These are conducted by members of the Product, Management, and Risk and compliance teams.
Industry collaboration	The Group regularly collaborates with other retailers and industry bodies, such as the Australian Retailers Association, to stay informed about modern slavery developments, legislation, and the experiences of others.
Confidential reporting	The Group offers confidential hotlines and reporting systems, allowing workers to raise concerns anonymously.

The Group's Ethical Sourcing Policy and latest Modern Slavery Statement can be viewed on the Corporate Governance page of its investor relations website.

1.2 Corporate Social Responsibility

The Group is committed to supporting the communities that support it. This support takes the form of formal partnerships as well as one-off initiatives directed at situations of need where it can make a meaningful difference to those to whom it is directed.

Adairs is committed to supporting the communities that support it. This support takes the form of formal partnerships as well as one-off initiatives directed at situations of need where it can make a meaningful difference to those to whom it is directed.

1.2.1 Supporting those experiencing homelessness

Since 2014, Orange Sky has grown from a single van with two washers and dryers in a Brisbane park into a national network offering free laundry and shower services to people experiencing homelessness, and support to communities affected by natural disasters such as cyclones, floods, bushfires and earthquakes. What sets Orange Sky apart is not just the practical help of clean clothes and a hot shower – it's the genuine, non-judgmental conversation that comes with it, offered freely to anyone who wants it.

Today, Orange Sky operates across more than 56 communities in Australia, backed by a network of over 90 vans and pods and the support of more than 4,500 volunteers who show up in metropolitan, regional and remote locations alike.

Adairs became a Strategic Partner of Orange Sky in 2019, and that support has since grown into four ongoing initiatives:

- $5 from every Orange Sky Aroma Wash product sold (laundry detergent, linen spray, hand & body wash) is donated directly to Orange Sky
- every dollar of profit from Adairs' in-house reusable totes – introduced to move customers away from single-use plastic carry bags – is donated to Orange Sky
- our team takes part in the annual Orange Sky Sudsy Challenge, wearing the same outfit for three days to raise awareness and funds for people experiencing homelessness or hardship
- customers can give directly through in-store donation boxes

+$180K

FY26 CONTRIBUTION

to Orange Sky

3,792

LOADS OF LAUNDRY

FY26 impact

5,057

HOURS OF CONVERSATION

FY26 impact

2,528

WARM, SAFE SHOWERS

FY26 impact

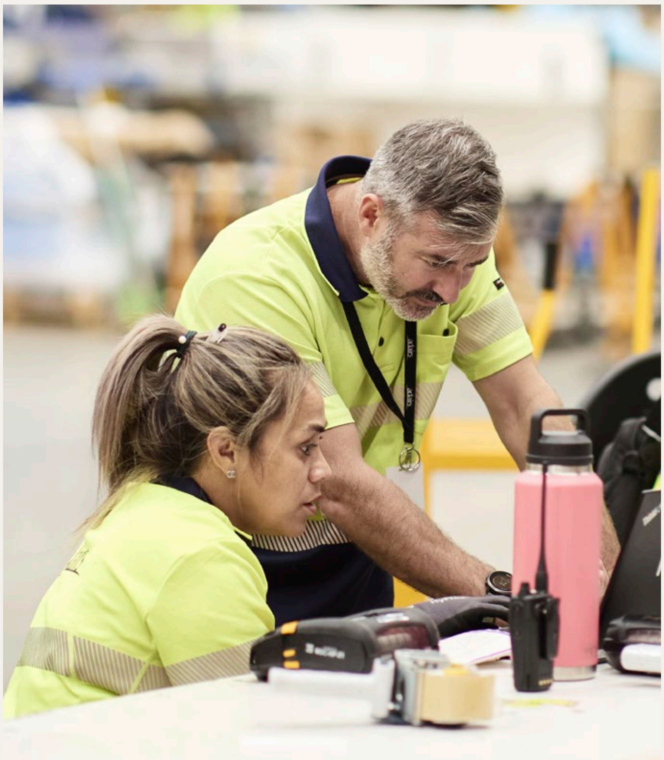
This year's contribution took the partnership further than ever: Adairs, together with its customers and team, gave more than $180,000 to Orange Sky in FY26, lifting our cumulative support since 2019 past $1.25 million. That FY26 contribution alone funded the equivalent of 3,792 loads of laundry, 5,057 hours of conversation and 2,528 warm, safe showers – and across the life of the partnership, Adairs has now helped deliver 44,000 loads of laundry, more than 36,000 hours of conversation and 18,800 showers to people who needed them.

Left: the Adairs team taking part in the Orange Sky Sudsy Challenge. Right: the Orange Sky Aroma Wash range, with $5 from every sale donated to Orange Sky.

1.2.2 Supporting others in need

Adairs has proudly partnered with Red Cross Australia since 2023 to support both humanitarian efforts and environmental sustainability. Select products – including slightly damaged items, discontinued lines, and samples – are collected from our Adairs stores and distribution centres and donated to Red Cross for resale through their network of over 167 Red Cross Shops nationwide.

Proceeds from these sales help fund Red Cross programs that assist individuals facing hardship, crisis, and disaster. In FY26, Adairs donated 8,489 kilograms of product through this partnership, contributing not only to meaningful social impact but also to environmental benefits by diverting waste from landfill and reducing CO_2 emissions.



1.3 Supporting our Team

Supporting and empowering our team members remains a key focus of our people strategy. During the reporting period, we introduced an additional benefit commencing from FY27; Paid Parental Leave, reinforcing our commitment to supporting team members through significant life stages and creating a more inclusive and equitable workplace.

We also completed a comprehensive review and relaunch of the Adairs Code of Conduct, ensuring our expectations of ethical behaviour, respect and accountability continue to reflect our values and the culture we aspire to create. Together, these initiatives strengthen our commitment to fostering a workplace where every team member feels supported, respected and empowered to contribute and thrive.

Adairs team members across our bedding team and distribution centre.

1.3.1 Team health and safety

The Group seeks to protect the health and safety of its team members, customers, contractors, and visitors in its workplace by ensuring that risks to health or safety are proactively identified and if possible, eliminated or otherwise minimised or controlled. The Group considers that all team members have a legal and ethical responsibility to participate in the development, implementation and monitoring of strategies to prevent work-related injuries and illness. By working together, it seeks to ensure that:

- all physical and psychosocial risks are identified and controlled to prevent accidents and injury as far as practicable
- safety is integrated into all aspects of the workplace and all team members are active participants
- communication and consultation on matters related to safety are encouraged
- the Workplace Health & Safety program Plan is updated, implemented and monitored
- all team members and contractors receive relevant training, information, and advice
- there are regularly scheduled audits, reports, and clear targets/objectives which improve the Group's safety and injury management performance
- all team members have access to early assistance and support in the event of any work-related injury, illness, or disability
- the Group is in compliance with all relevant legislation.

While the Group takes a proactive and forward-looking approach to occupational health and safety, it recognises that 'outcome measures' remain an important tool to track trends over time and seeks to achieve a year-on-year improvement in key metrics such as Lost Time Injury Frequency Rate ("LTIFR") and Total Recordable Injury Frequency Rate ("TRIFR").

15.88

LTIFR IN FY26

vs. 24.26 in FY25

31.12

TRIFR IN FY26

vs. 47.26 in FY25

In FY26, the Group recorded an LTIFR of 15.88 and a TRIFR of 31.12, against targets of 15.00 and 20.00 respectively. While the Group fell short, performance improved significantly compared to FY25, with LTIFR reducing from 24.26 to 15.88 and TRIFR reducing from 47.26 to 31.12. Adairs, the Group's largest brand, achieved an LTIFR of 10.90 in FY26, demonstrating a continued reduction in workplace injuries and reflecting the positive impact of targeted safety initiatives, improved hazard identifications and reporting, leadership engagement and early intervention practices.

The Group remains committed to strengthening its safety culture and reducing workplace injuries through proactive risk management, leadership engagement, and continuous improvement initiatives. As safety systems and reporting maturity continue to evolve across all brands, maintaining consistent reporting methodologies will support reliable performance monitoring and informed decision-making.

1.3.2 Team engagement and development

Adairs remains committed to fostering an engaged, capable and connected workforce where team members feel aligned to our purpose, values and ways of working. In FY26, we continued to listen to our team members through our engagement survey program, with a final participation rate of 72%, an overall Adairs engagement score of 67%, and 7,405 comments received from team members across the business.

The survey provides an important opportunity for team members to share confidential feedback on their experience at Adairs, including our culture, leadership, communication, wellbeing and ways of working. Insights are reviewed and shared across the organisation to help identify opportunities for improvement and inform action planning at both enterprise and team levels.

In response to FY26 feedback, Adairs established three enterprise-wide engagement priorities: Enablement, Collaboration and Communication, and Wellbeing. These focus areas are designed to improve systems, tools and processes; strengthen communication and cross-functional alignment; and support more sustainable workloads and wellbeing practices across the business. Progress against engagement actions is monitored and reported regularly, with a minimum of quarterly reviews undertaken to track outcomes, measure impact and maintain accountability. Updates are communicated to team members through Town Halls and other business updates, reinforcing our commitment to a "You Said, We Did" approach and ensuring feedback results in visible action.

During FY26, our Learning and Organisational Development activity continued to strengthen capability, career development and leadership practices across the business. This included ongoing review and enhancement of our learning management system ("LMS"), Advance at Adairs, the creation of 18 new eLearning modules, and the launch of 24 eCourses that broadened access to self-directed learning opportunities. We also continued to review and evolve our Talent Management Framework, identifying opportunities to strengthen career pathways, support personalised development experiences and provide greater clarity around growth opportunities for team members at different stages of their careers.

Supporting high-performing teams remained a key focus throughout the year. Adairs continued to invest in leadership and team development initiatives, including the use of DiSC to build self-awareness, strengthen communication and improve team effectiveness. Together with enhanced performance review and development planning resources, engagement survey action planning, leadership development initiatives and the early foundations of our AI capability-building program, these activities have helped create a stronger foundation for individual growth, leadership effectiveness and organisational performance as we continue to invest in our people and culture.

1.3.3 Diversity

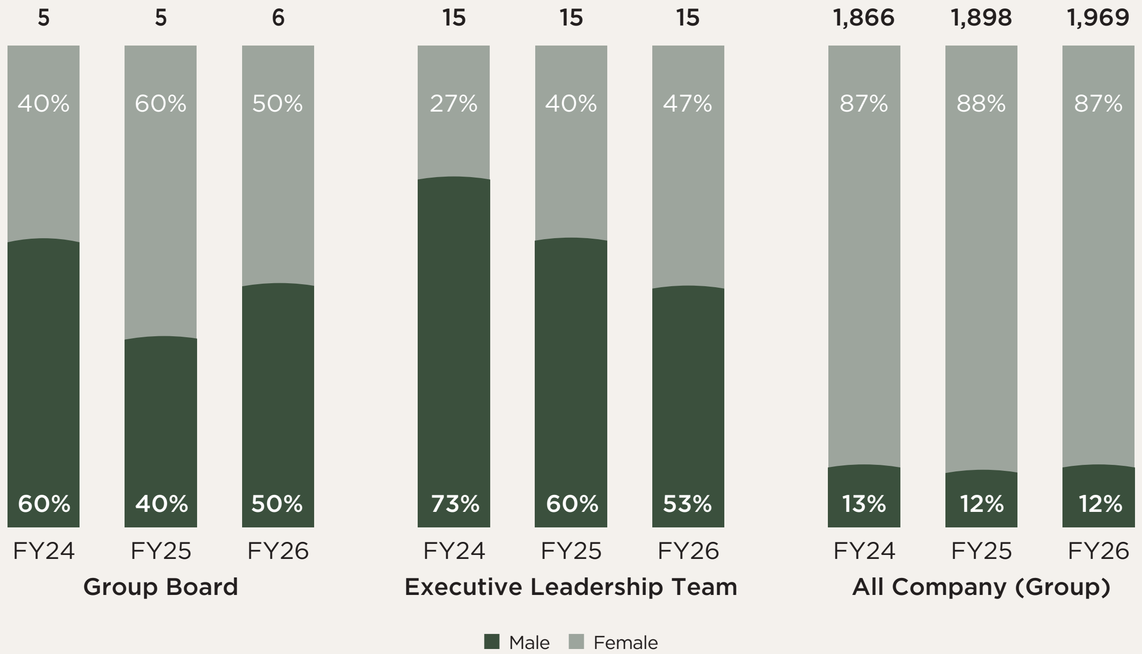
The Board has adopted a Diversity Policy that aims to, among other things, address the representation of women in senior management positions and on the Board and actively facilitate a more diverse and representative management and leadership structure.

The Group actively promotes diversity through its hiring and promotion practices, measures gender diversity in the composition of its senior executives and workforce generally, and reports these annually to the Australian Government's Workplace Gender Equality Agency.

Adairs is a signatory to the 40:40 Vision initiative, an investor-led initiative to achieve gender balance – defined as 40% women, 40% men and 20% any gender – in executive leadership across Australia's largest listed companies by 2030.

The Adairs team celebrating International Women's Day.

As at 28 June 2026, the gender diversity of team members across the group workforce was as follows:



Gender diversity by group, 2024–2026 (Male / Female). Note: the Executive Leadership Team reported comprises the 15 employees listed on the 'Management' page of the Adairs Investor Relations website, investors.adairs.com.au

The Board has the following gender diversity targets:

GROUP	GENDER DIVERSITY TARGET	2026 OUTCOME
Board of directors	Not less than 40% of each gender	Target met (50% female, 50% male)
Executive Leadership Team	Not less than 40% of each gender by 2030 with an interim target of 36% by 2027	Target met (47% female, 53% male)
Entire workforce	A majority of women across the Group workforce, reflective of its customer profile	Target met (87% female, 13% male)

1.4 Strategic People Commitments

Below is a summary of the Group's commitments relating to the welfare of people across its value chain, operations, and the communities it serves:

INITIATIVE	OUR COMMITMENT	WHERE WE ARE TODAY / LATEST OUTCOME
Ethical Sourcing (refer 1.1)	Adairs is committed to undertaking ethical audits and Code of Conduct assessments of: • all direct suppliers (Tier 1 factories); and • downstream sub-contractors (Tier 2-4 factories) who do not face the Group directly however are part of its supply chain as they provide components, parts or raw materials to our direct suppliers across each of Adairs, Mocka and Focus on Furniture	Tier 1 factories are fully traced for Adairs, Mocka and Focus on Furniture. In FY26, Tier 2-4 sub-contractor factory tracing continued and is expected to be completed by the end of FY27.
Modern Slavery (refer 1.1.5)	The Group is committed to ensuring no modern slavery exists within its supply chain and meeting all obligations under the Modern Slavery Act	The Group's Modern Slavery Statement has been published annually since FY20 and can be viewed on its investor relations website. In FY26, there was no evidence of modern slavery in the Group's supply chain.
Corporate social responsibility (refer 1.2)	The Group is committed to supporting those experiencing homelessness or other forms of acute home-related emergencies from events such as natural disasters	Adairs is a Strategic Partner of Orange Sky with donations of over $180,000 in FY26 and over $1.25 million since the partnership began in FY19. Adairs donated 8,489kg of its products to Red Cross Shops in FY26 to help it fund its support for people overcoming hardship, crisis and disaster.
Gender diversity (refer 1.3.3)	The Group is committed to both its Board and executive leadership team having not less than 40% of each gender	Met in FY26. Women currently comprise 50% of the Group Board and 47% of its executive leadership team.
Team health and safety (refer 1.3.1)	The Group is committed to year-on-year improvement in both Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate across the Group	The Group recorded an LTIFR of 15.88 and TRIFR of 31.12 against targets of 15.00 and 20.00. While the targets were not achieved, both measures improved significantly compared to FY25.

2. PLANET

Reducing our impact on the environment through less waste, lower emissions, and more responsible use of energy.

2.1 Waste

In a typical year, the majority of Group waste is related to product packaging. As set out in Section 3.3, Adairs is committed to achieving APCO's National Packaging Targets, including a goal of 100% of packaging being reusable or recyclable. Over time, this is expected to increase the proportion of waste that can be recycled and reduce the absolute volume of waste generated by the Group.

For FY26, the Group generated 1,726.0 tonnes of waste across its stores, distribution centres and support offices – a decrease of 19.8% on FY25. This follows a particularly high FY25 result, which included one-off waste from the relocation of both the Adairs and Focus on Furniture head offices after over 10 years of occupancy at their prior premises.

47.0%

FY26 RECYCLE RATE

vs. 39.2% in FY25

1,726.0T

TOTAL WASTE, FY26

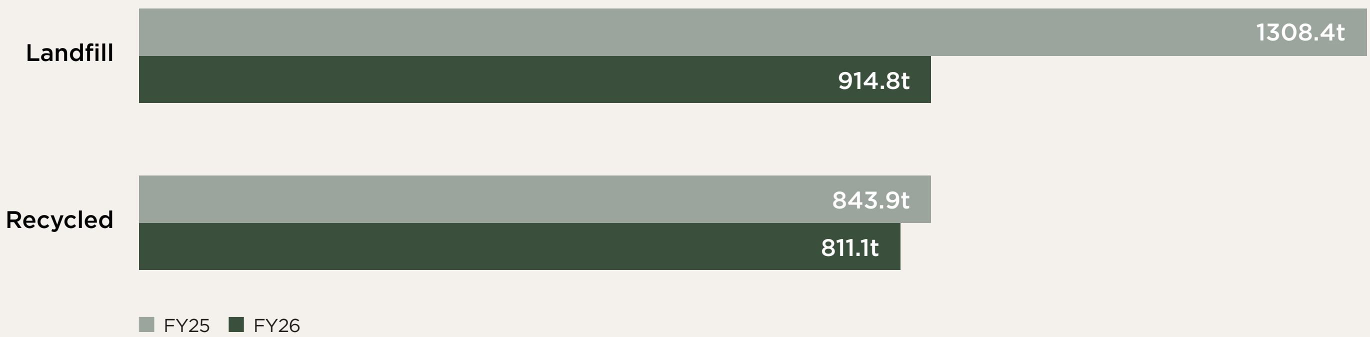
down 19.8% on FY25

914.8T

SENT TO LANDFILL

down 30.1% on FY25

Waste to landfill and recycled waste, FY25 vs FY26 (tonnes).



Waste from Group stores, distribution centres and support offices. FY26 figures cover the 52 weeks to 28 June 2026, including actual June 2026 data (124.8 tonnes total: 59.5 tonnes to landfill, 65.3 tonnes recycled/diverted) from the Group's consolidated waste report. FY25 figures are as reported in the FY25 Annual Report.

2.2 Climate-related Financial Disclosures (AASB S2)

2.2.1 About this report

This sustainability report has been prepared by Adairs Limited (the "Company") and its subsidiaries (collectively the "Group") for the 52 weeks ended 28 June 2026 and comprises the climate statements and accompanying notes required under the *Corporations Act 2001*. The climate-related financial disclosures cover Adairs Limited and its controlled entities, the same reporting entity as the related financial statements, and should be read in conjunction with the Group's FY26 Financial Report.

2.2.1.1 Statement of compliance

These climate statements, comprising the climate-related financial disclosures and accompanying notes for the 52 weeks ended 28 June 2026, comply with AASB S2 *Climate-related Financial Disclosures*, issued by the Australian Accounting Standards Board, as applied using the transitional reliefs available for the Group's first annual reporting period.

The directors of Adairs Limited are responsible for the preparation of the sustainability report in accordance with the *Corporations Act 2001*, including AASB S2, and for such internal control as the directors determine is necessary to enable the preparation of climate statements that are free from material misstatement. The directors' declaration in respect of the climate statements and accompanying notes is included Section 2.2.1.4 below.

2.2.1.2 Transition relief applied

As this is the first year in which the Group has applied AASB S2, it has applied the following transition reliefs for the first annual reporting period:

- Not to disclose comparative information in this report; and
- Not to disclose Scope 3 GHG emissions

2.2.1.3 Judgements and measurement uncertainties

This report contains forward-looking statements, including statements regarding anticipated climate-related impacts, scenario analysis outputs and planned responses, that required the use of judgements and assumptions where there is inherent measurement uncertainty. The identification and assessment of climate-related risks and opportunities was based on all reasonable and supportable information available at the reporting date without undue cost or effort. Judgements and assumptions were made in selecting climate scenarios, assessing transition risks, and evaluating likelihood and consequence based on qualitative and semi-quantitative inputs. Judgements and assumptions were also applied in measuring greenhouse gas emissions, including the use of emissions factors and estimated activity data where complete primary data was not available. These judgements, estimates and assumptions are disclosed throughout this report where relevant. Given the forward-looking nature of climate-related disclosures, actual outcomes may differ from those anticipated, and changes in assumptions, estimates or future conditions may affect future assessments of climate-related risks, opportunities, and financial effects.

2.2.1.4 Directors' declaration

In the opinion of the directors of Adairs Limited (the "Company"), I state that the Company has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Company and its subsidiaries (collectively the "Group") for the 52 weeks ended 28 June 2026, as presented on pages 26 to 38, are in accordance with the *Corporations Act 2001*, including:

- Complying with Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* and any further requirements determined under section 296C(2) of the *Corporations Act 2001*; and
- Containing the climate statement disclosures required by section 296D of the *Corporations Act 2001*.

Made in accordance with a resolution of the directors of Adairs Limited pursuant to section 296A(6) of the *Corporations Act 2001*, as modified by section 1707C(2) of the *Corporations Act 2001*.

On behalf of the board

Trent Peterson
Independent Chair
Non-Executive Director

24 August 2026

2.2.2 Governance

This section describes the governance processes, controls and procedures the Company uses to oversee climate-related risks and opportunities, in accordance with paragraph 6 of AASB S2. Where oversight is integrated with broader enterprise risk and sustainability oversight, integrated disclosure is provided to avoid duplication.

Body responsible for oversight

The Board has ultimate accountability for oversight of climate-related risks and opportunities, discharged directly and through the Audit & Risk Committee ("ARC").

Terms of reference and policies

Climate-related responsibilities are reflected in the ARC Charter (updated FY26), which covers climate-related financial risks, scenario-analysis outputs, the emissions inventory and the supporting control environment; and the Risk Management Framework, which addresses physical and transition climate risks within the enterprise risk taxonomy.

While the Board Charter (adopted July 2018) does not explicitly reference oversight of climate-related risks and opportunities, the Board is nonetheless ultimately accountable for this oversight, as set out above. With the renewal of the Board and executive leadership now substantially complete, the Board has committed to a comprehensive refresh of the Board Charter in FY27, overseen by the Nomination Committee consistent with its charter responsibility to periodically review the Board Charter, to ensure it reflects the Board's current composition and committee structure, contemporary governance practice, and the Group's obligations under the mandatory climate reporting regime.

Skills and competencies

The Board assesses climate competencies through an annual Board skills matrix, in which climate, sustainability and ESG risk are identified competencies. The skills matrix is used to inform Board self-assessment, identify capability gaps and guide director training and future Non-Executive Director appointments. Climate-related education needs are considered through this process.

Information and frequency

The Board Audit and Risk Committee received climate-related updates twice during FY26 (November 2025 and June 2026), delivered by the Group General Manager – Risk, Compliance & Sustainability with external support. These updates included climate-related risks and opportunities identified through the Group's climate assessment process and the development of the Group's climate-related disclosures. The full Board also received a climate-related update in May 2026 covering climate-related metrics, future target development, and disclosure outcomes.

Strategy, decisions, risk management and trade-offs

The Board's governance responsibilities include oversight of climate-related risks and opportunities as part of its consideration of annual budgets, strategic planning, capital allocation, enterprise risk management and financial reporting matters. During FY26, climate-related risks and opportunities were considered through the Group's climate assessment process, scenario analysis and the development of the Group's climate-related disclosures. These activities informed management's understanding of potential impacts on supply-chain resilience, sourcing concentration, operational resilience and future capital requirements. The Board received updates on this work through the Audit & Risk Committee and management during the reporting period. There was no major transaction or decision made during the year that required consideration of material trade-offs associated with climate-related risks and opportunities.

Management's role

Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities is as follows. The Group CEO and Managing Director holds executive accountability for climate-related risks and opportunities and reports to the Audit and Risk Committee on their monitoring and management and emerging climate-related risks. The Group General Manager – Risk, Compliance & Sustainability supports coordination of climate-related risk identification, monitoring, assessment and escalation through the Enterprise Risk Management Framework ("ERMF"), with oversight exercised by the Group CEO and the ARC. The Group CFO supports consideration of potential connections between climate-related risks and the financial statements, including impairment, useful lives and provisions. Functional leaders across Supply Chain, Property, Store Operations, People & Culture, Finance and the operating business units provide input through established management and risk processes which supports the identification, monitoring and escalation of climate-related risks and opportunities across the business.

Climate-related remuneration

Climate-related performance metrics are not currently included in remuneration policies.

Controls and procedures

In overseeing climate-related risks and opportunities, management applies documented methodologies aligned with the GHG Protocol ("GHGP"); system-based data capture for energy, fuel and refrigerants; preparer/reviewer/approver controls over the emissions inventory; integration of climate-related risks with the enterprise risk and financial reporting close processes; and internal audit coverage on a risk-based cycle.

2.2.3 Strategy

This section sets out the Group's strategy for managing climate-related risks and opportunities, including their effects on the business model, value chain, financial position, financial performance and cash flows, and how the Group has assessed the resilience of its strategy and business model to climate-related changes.

2.2.3.1 Business model and value chain

Adairs Limited is an Australian omnichannel specialty retailer operating three business units (Adairs, Mocka and Focus on Furniture) through a national store network, online channels and distribution centres in Australia and New Zealand, supported by a concentrated offshore supplier base primarily in China.

The climate-related risk and opportunity assessment covered the upstream (raw material sourcing, offshore manufacturing, inbound logistics), operational (warehousing, retail) and downstream (outbound logistics, customer use, end-of-life) stages of the value chain. All three business units were in scope. Where in the value chain the disclosed climate-related risks are concentrated is identified in each risk table in Section 2.2.3.4.

2.2.3.2 Time horizons

Time horizons align with the Group's strategic and capital planning processes and reflect when climate-related impacts are expected to emerge.

TIME HORIZON	PERIOD	RATIONALE
Short term	To 2030	Aligns with operational and tactical planning cycles, including seasonal merchandise planning, promotional activity and store refurbishment.
Medium term	To 2040	Aligns with strategic decision-making horizons including lease renewals, supply-chain optimisation and product innovation.
Long term	To 2050	Aligns with longer-lived capital decisions and sustainability commitments; aligned with global net-zero reference points.

2.2.3.3 Climate scenario analysis

The Group used climate scenario analysis to analyse the likelihood and consequence of climate risks and opportunities, whilst testing the resilience of its strategy and business model under contrasting future conditions. The scenario analysis was undertaken in FY26. The Group will determine an appropriate refresh cycle during FY27 and expects to refresh the analysis earlier where there is a significant change in circumstances.

Two scenarios were applied, consistent with AASB S2 paragraph 22(b), which requires at least one scenario aligned with the latest international agreement on climate change. The low-emissions scenario (IPCC SSP1-2.6 / NGFS Net Zero 2050) is aligned with the Paris Agreement goal of limiting warming to 1.5°C and was selected to assess transition risks such as policy shifts, technological changes and market dynamics associated with a low-carbon economy. A high-emissions scenario (IPCC SSP5-8.5 / NGFS Current Policies) was also utilised to help explore physical risks such as extreme weather events, sea level rise and long-term climate impacts. The two scenarios were selected to bracket plausible contrasting futures: a transition-led pathway in which policy and market pressures dominate, and a physical-risk-led pathway in which warming continues largely unmitigated. The Group considers two scenarios proportionate to its current capability and the nature of its exposures; addition of a third scenario will be considered for FY27 reporting. The scenario analysis covered the full scope of the Group's operations, including all three business units and the upstream, operational and downstream value-chain stages described in Section 2.2.3.1, and was applied across the three time horizons described in Section 2.2.3.2.

SCENARIO	REFERENCE FRAME-WORKS	ESTIMATED WARMING	DESCRIPTION
Low emissions	IPCC SSP1-2.6/ NGFS Net Zero 2050	Peak warming limited to ~1.5°C	Coordinated policy action, rapid decarbonisation, widespread low-carbon technology. Transition risks are more prominent.
High emissions	IPCC SSP5-8.5/NGFS Current Policies	Warming exceeding 4°C	Continued fossil fuel reliance and limited policy action. Physical risks become more significant; transition risks remain low.

Key scenario assumptions were informed by IPCC and NGFS guidance, AEMO scenarios (Step Change, Progressive Change, Green Energy Exports), the Australian National Climate Risk Assessment and CSIRO-modelled decarbonisation pathways (A50/G2 and A40/G1.5). Sector-specific assumptions for Australian specialty retail were derived from these sources. They can be found in the table below.

ASSUMPTION	LOW EMISSIONS SCENARIO	HIGH EMISSIONS SCENARIO
Climate-related policy	Smooth and coordinated policy action	Limited and delayed policy action
Macroeconomic trends	Stronger climate-aligned market and high supplier climate-readiness expectations, increased regulatory pressure	Lower transition pressure
National and regional variables	Some changes in weather patterns but these have been minimised by rapid decarbonisation efforts	More severe physical hazards, including increased exposure to extreme heat, drought, flood and severe weather across operations and supplier regions
Energy usage and mix	Faster decarbonisation of electricity systems, with fossil fuels phased out by mid-century	Continued reliance on fossil fuels
Developments in technology	Widespread adoption of low-carbon technology including carbon dioxide removals and green hydrogen	Slow deployment and investment in decarbonisation technologies

2.2.3.4 Climate-related risks and opportunities

The risk identification and assessment process is described in Section 2.2.4.1. It identified three climate-related risks that could reasonably be expected to affect the Group's prospects, and no climate-related opportunities meeting that threshold, for disclosure in this reporting period. The basis for the conclusion on opportunities is set out in Section 2.2.4.1.

The assessment used reasonable and supportable information about past events, current conditions and forecast future conditions. These observed impacts have been carried into the forward-looking assessment.

Ratings are drawn from the Group's second-pass risk register and use the ERMF consequence and likelihood scale described in Section 2.2.4.1.

Risk 1: Extreme heat impacts on workforce health and safety, productivity and operating costs

OPERATIONAL EXPOSURE TO EXTREME HEAT

Physical risk – acute and chronic | Value chain: warehousing, retail operations, offshore supplier regions

Description	Increasing frequency and severity of extreme-heat days affecting warehousing, transport and low-climate-control settings, raising cooling costs and creating health, safety and productivity constraints. Offshore manufacturing regions face heightened labour-practice and operational risk from prolonged heatwaves.
Effects on business model, value chain and decision-making	Affects warehousing, logistics, retail operations and offshore supplier regions. In FY26, the Group has direct lived experience of extreme heat affecting warehouse operations (including earlier shift starts at Mocka to manage heat exposure) and of weather-related disruption to upstream supply (variable lead times and pricing volatility for cotton, timber and down). This has influenced FY26 operational decisions including split day/night warehouse shifts and warehouse fan installation. Expected to inform future warehouse design, lease and site-selection criteria, ventilation and cooling investment, and workforce safety protocols. Current direct impacts on offshore manufacturing from extreme heat were not separately identified in FY26; the exposure is monitored as part of supplier and material sourcing risk in Risk 2.
Current controls	Split day/night warehouse shifts during peak heat periods. Additional fans installed in warehouses to improve temperature control and ventilation. Workforce safety protocols and rostering adjustments managed under the Group's WHS framework.
Anticipated response	Planned responses, subject to feasibility assessment, risk owner approval and capital or operating budget allocation, include upgrades to warehouse ventilation, insulation and cooling; expanded heat-safe rostering; provision of heat-rated PPE; and integration of hot-day conditions into operational planning and contract terms.
Current financial impact (FY26)	Extreme heat is causing changes to operational behaviours, including warehouse shifts starting earlier to manage heat exposure; split day/night shifts and additional fans have been deployed. FY26 financial effects are reflected in operating costs (cooling, ventilation, rostering) and minor fulfilment timing variability and are assessed as not material to the consolidated financial statements. The Group has assessed that this risk does not give rise to a significant risk of a material adjustment to the carrying amount of inventory or other assets within the next annual reporting period. Indirect financial effects of extreme heat offshore manufacturing impacts have not been observed in the current reporting period.
Anticipated financial impact	Short term (to 2030): Higher warehouse and store operating costs (cooling, ventilation, heat-safe rostering), with the potential for minor fulfilment delays. Affected financial statement areas include cost of sales, salaries and employee benefits expenses and other expenses. Additional cost of goods through cost pass through from offshore manufacturing for installation of heat management systems, or trade-off for increased reputational or liability risk costs for supply chain worker health and safety. Medium term (to 2040): Continued cost pressure on cooling and workforce management; increasing exposure of offshore supplier workforces. Affected financial statement areas include cost of sales, salaries and employee benefits expenses and other expenses. Long term (to 2050): Potential capital and leasehold expenditure for warehouse cooling, insulation and ventilation upgrades; possible material reorganisation of work patterns (e.g. expanded night operations) if heat exposure continues to intensify. Affected financial statement areas include property, plant and equipment, right-of-use assets and salaries and employee benefits expenses.

Risk 2: Material sourcing, supplier and inbound logistics exposure to weather events

MATERIAL SOURCING EXPOSURE TO WEATHER EVENTS

Physical risk – acute and chronic | Value chain: upstream raw material sourcing, offshore manufacturing, inbound logistics

Description	Climate-sensitive raw materials (cotton, timber, down) and key supplier regions, principally China, face exposure to drought, flood, heatwave and severe weather, contributing to variable supply, longer lead times and input-cost volatility. These hazards can also affect inbound logistics, with extreme weather disrupting shipping routes, port operations and freight schedules, leading to delays, congestion and elevated freight costs. Future conditions are expected to increase the frequency, severity and breadth of these disruptions across the upstream value chain.
Effects on business model, value chain and decision-making	Concentrated in the upstream value chain: raw material sourcing, offshore manufacturing and inbound logistics. Affects product availability, landed product cost, gross margin, inventory planning and the ability to maintain consistent product ranges. Disruption to inbound logistics, including delayed shipments, port congestion and elevated freight costs, can affect stock availability, delivery timing and working capital requirements. In FY26, this risk has informed sourcing strategy adjustments, supplier diversification, substitution of natural with synthetic materials in selected ranges, and consideration of discontinuing higher-risk or higher-cost product lines. Over the medium term, this risk is expected to further influence sourcing geography diversification, supplier contract terms and product range design as climate-related supply disruption becomes more frequent.
Current controls	Cost pass-through to consumers where feasible. Diversification across multiple core suppliers, noting that geographic concentration in China remains and is addressed separately in Risk 3. Substitution of natural materials with synthetic alternatives where appropriate. Discontinuation of high-risk or high-cost product lines on a case-by-case basis.
Anticipated response	Supplier climate-resilience assessments (flood, drought, storm exposure); increased safety-stock buffers or dual-sourcing for critical materials; pre-approval of substitute fibres deployable without major redesign; and development of supplier-specific financial scenarios to quantify cost volatility and revenue-at-risk.
Current financial impact (FY26)	Weather-related supply disruption is already being experienced and is reflected in landed product costs, inventory planning and working capital. Current controls (supplier diversification within China, product substitution and cost pass-through where feasible) have kept the FY26 impact below materiality thresholds for the consolidated financial statements. The Group has assessed that this risk does not give rise to a significant risk of a material adjustment to the carrying amount of inventory or other assets within the next annual reporting period. The Group sources products from offshore manufacturing suppliers. Weather-related disruption to those supplier operations can affect the Group's own landed product cost, inventory availability and working capital; the financial effect of this exposure on the Group is not currently separately quantified and is reflected qualitatively within the broader landed product cost and inventory planning effects described above.
Anticipated financial impact	Short term (to 2030): Increased exposure of climate-sensitive materials to heatwaves, drought and flood. Raw material cost volatility, shipment delays and landed-cost variability. Affected financial statement areas include cost of sales, inventories and revenue from contracts with customers. Medium term (to 2040): Higher procurement costs, increased safety-stock requirements, supplier substitution costs and gross margin pressure as cotton-growing, forestry and other climate-sensitive supply regions face structural change. Affected financial statement areas include cost of sales, inventories and trade and other payables. Long term (to 2050): Persistent margin pressure from chronic water scarcity, land degradation and severe weather reshaping global supply chains for core inputs. Higher product redesign and material reformulation costs; constrained sourcing options. Affected financial statement areas include cost of sales, inventories, property, plant and equipment and trade and other payables. Although anticipated financial effects have been identified, quantitative information has not been provided because the climate-driven component of supplier cost, lead-time and availability impacts cannot currently be separately identified from other drivers of cost and lead-time variability within the Group's existing systems. The Group will continue to mature supply-chain due diligence and seek to quantify vulnerability when financial effects are separately identifiable.

Risk 3: Supply-chain concentration exposure to climate-related regulatory shifts

SUPPLY-CHAIN CONCENTRATION EXPOSURE TO CLIMATE-RELATED REGULATORY SHIFTS

Transition risk – market and policy | Value chain: upstream raw material sourcing, offshore manufacturing, supplier management

Description	The Group's reliance on a concentrated offshore supplier base, particularly in China, increases exposure to climate-aligned regulatory shifts, compliance expectations, climate-linked trade measures and variable lead times. Future policy and market shifts may amplify production delays, input-cost volatility and constraints on product availability.
Effects on business model, value chain and decision-making	Concentrated in the upstream value chain: raw material sourcing, offshore manufacturing, transport and supplier management. Affects supply reliability, inventory planning, product availability and margin stability. In FY26, the risk has informed the supplier concentration assessment, supplier diversification planning, monitoring of supplier relationships and initial consideration of alternative sourcing regions. The Group's geographic concentration policy and supplier ESG due diligence framework remain under development. Limited supplier capabilities to transition to sustainable materials, technologies, or circular models may further constrain adaptation. This concentration increases the likelihood of production delays, cost volatility, and challenges in meeting climate reporting or product standards. Over the medium to long term, this risk is expected to further shape supplier base diversification and sourcing-region selection criteria as regulatory and market expectations on supply-chain concentration increase.
Current controls	Supplier concentration risk assessment in place. Short-term plan to reduce concentration is underway. Supplier relationship and exposure monitoring forms part of the procurement function.
Anticipated response	Strengthened supplier ESG and climate-readiness contract requirements; contingency logistics planning (alternate ports, freight routes, backup warehousing); broadening of the supplier base beyond concentrated regions; and scenario-based modelling of alternative sourcing strategies to quantify the cost-benefit of multi-region sourcing.
Current financial impact (FY26)	Supplier concentration is recognised in the risk register as a financial risk driven by exposure to regulatory shifts, climate readiness constraints and climate-aligned trade changes. FY26 financial effects flow primarily through cost of sales, landed product costs, inventory availability and lead-time variability, and have been managed within existing controls (concentration assessment, short-term plan to reduce concentration, supplier-relationship monitoring). In FY26, no material financial impact arising from this risk was observed in the current reporting period, and the risk is not expected to give rise to a significant risk of a material adjustment in the next reporting period.
Anticipated financial impact	Short term (to 2030): Increasing supplier climate-readiness expectations, mandatory disclosure regimes and emerging climate-aligned trade measures are expected to increase pressure and cost across the concentrated supplier base. Affected financial statement areas include cost of sales, other expenses, inventories and trade and other payables. Medium term (to 2040): Continued transition pressure, including buyer-driven and regulatory expectations, is expected to raise supplier engagement and substitution costs and lead-time variability. Affected financial statement areas include cost of sales, other expenses, inventories and trade and other payables. Long term (to 2050): The costs of supplier diversification and potential emissions pricing or trade measures may become significant. Affected financial statement areas include cost of sales, other expenses, inventories and trade and other payables. The Group has not quantified the anticipated financial effects of this risk because future climate-related policy, regulatory and trade measures affecting its concentrated supplier regions are not yet reasonably expected to be known, resulting in measurement uncertainty too high for a reliable quantitative estimate. Quantification will be progressed as policy clarity emerges and as the Group matures its supplier due diligence and Scope 3 inventory.

2.2.3.5 Effects on financial position, financial performance and cash flows

The current and anticipated effects of the three disclosed climate-related risks on the Group's financial position, financial performance and cash flows are disclosed in the risk tables in Section 2.2.3.4. In summary:

- There are no climate-related risks for which there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities reported in the related financial statements within the next annual reporting period (AASB S2 paragraph 16(b)). This conclusion is based on review of the disclosed climate-related risks, the FY26 financial effects identified, and the consequence ratings applied in the risk register.
- Climate-related risks are expected to affect financial performance over the medium to long term primarily through operating costs (cooling, ventilation, workforce), cost of sales (climate-sensitive inputs, supplier costs, lead-time variability) and gross margin (input-cost volatility, supplier diversification costs).
- The Group has provided qualitative rather than quantitative information about the anticipated financial effects of each climate-related risk because, consistent with AASB S2 paragraphs 19–21, the level of measurement uncertainty is currently too high for quantitative estimates to provide useful information. The reasons are specific to each risk: for extreme heat (Risk 1), heat-related operating costs cannot yet be reliably isolated from general utilities, maintenance and rostering costs in the Group's systems in order to forecast future cost impacts; for material sourcing (Risk 2), there is an inability to accurately predict forecast increases in price due to climate; and for supply-chain concentration (Risk 3), the timing, form and stringency of future climate-related policy and trade measures are not yet sufficiently certain to model. The Group also considered whether aggregating the financial effects of climate-related risks and opportunities would support quantitative disclosure; however, it was concluded that the resulting estimates would remain subject to significant uncertainty and would not provide material decision-useful information to users. In reaching these conclusions, the Group has used all reasonable and supportable information available at the reporting date without undue cost or effort. In FY27, the Group expects to progress quantitative assessments as it develops its Scope 3 inventory, due to synergies in the data collection process.

2.2.3.6 Strategy and decision-making

Climate-related considerations have informed the Group's strategic planning and decision-making in FY26 in the following ways:

- in response to extreme heat (Risk 1), the introduction of split day/night warehouse shifts and investment in warehouse cooling and ventilation;
- in response to material sourcing exposure (Risk 2), sourcing diversification, substitution of natural with synthetic materials in selected ranges, and product-line rationalisation; and
- in response to supply-chain concentration (Risk 3), completion of the supplier concentration assessment and commencement of the concentration reduction plan. Resource allocation in FY26 specifically attributable to climate-related risk response has not been separately disaggregated; capital and operating budgeting processes will incorporate explicit climate-related allocations from FY27.

2.2.3.7 Climate transition plan

The Group has not yet adopted a formal climate transition plan as defined in AASB S2 paragraph 14(a) (iv). Development of a transition plan, supported by emissions baselining and target-setting, is scheduled to commence in FY27 with a view to disclosure alongside its updated emissions reduction targets. Interim steps in FY26 include the climate scenario analysis, the second-pass risk assessment, ERMF enhancements (Section 2.2.4.2) and the supplier concentration reduction plan.

2.2.3.8 Climate resilience

The Group has used climate scenario analysis to assess the resilience of its strategy and business model across the two scenarios in Section 2.2.3.3 and the three time horizons in Section 2.2.3.2.

Based on the scenarios assessed, the Group considers its strategy and business model to be resilient to climate-related risks over the time horizons considered, with no material adverse impacts identified that cannot be managed through existing or planned responses. In reaching this conclusion the Group has considered the three adaptive-capacity elements:

- Availability and flexibility of financial resources: the Group's existing financing arrangements and working capital headroom are considered sufficient to fund the response actions identified in the risk tables in Section 2.2.3.4 over the short, medium and long term.

- Ability to redeploy, repurpose, upgrade or decommission existing assets: the Group's omnichannel retail asset base (stores, distribution centres, online platforms) is considered redeployable in response to climate-driven shifts, supported by the existing lease portfolio's renewal cycle.
- Effect of current and planned investments in mitigation, adaptation and opportunities: in-place controls (Section 2.2.3.4) and the planned responses materially reduce the assessed residual exposure across all three disclosed risks, as shown by the residual ratings disclosed.

Key areas of uncertainty include the pace and form of climate-related policy and regulatory developments (particularly affecting offshore supplier regions), the rate at which supplier and material substitution options mature, and the frequency and severity of physical climate events in the next decade.

The scenario analysis indicates the strategy would need to respond differently under each future: under the low-emissions scenario, the principal exposure is transition pressure on the concentrated supplier base (Risk 3), which the Group would address by accelerating supplier diversification, strengthening supplier climate-readiness requirements and broadening sourcing geographies; under the high-emissions scenario, physical risks dominate (Risks 1 and 2), and the Group would prioritise warehouse cooling, insulation and ventilation investment, heat-safe workforce practices, and substitution of climate-sensitive materials. No changes to the business model were identified as necessary within the short, medium and long term under either scenario.

The Group's resilience assessment was informed directly by the climate scenario analysis described in Section 2.2.3.3, applied across the short-, medium- and long-term horizons in Section 2.2.3.2. Across both scenarios, the Group considers it has the adaptive capacity to respond to the climate-related risks identified through its existing financial resources and working-capital headroom, the flexibility of its omnichannel asset base, and the planned responses set out in the risk tables in Section 2.2.3.4, without a fundamental change to its strategy or business model in the short, medium and long-term. The principal areas of uncertainty are the pace and form of climate-related policy, regulatory and trade developments affecting concentrated offshore supplier regions, the rate at which lower-emissions materials and alternative sourcing options mature, and the frequency and severity of acute physical events.

2.2.4 Risk Management

This section describes the processes used to identify, assess, prioritise and monitor climate-related risks and opportunities, and how these are integrated into the Group's overall risk management process.

2.2.4.1 Identification and assessment of climate-related risks and opportunities

In FY26, the Group undertook its first comprehensive climate-related risk and opportunity assessment. The qualitative assessment was conducted in two stages, aligned with the National Climate Change Adaptation Research Facility Climate Change Risk Guidance:

- First pass (identification): identified a long list of 36 climate-related risks and opportunities considering both inherent and residual risk. Risks were classified as physical (acute/chronic) or transition (policy and legal, technology, market, reputation), with opportunities classified across resource efficiency, energy source, products and services, markets, and resilience. Identification drew on a range of inputs and data sources, as described below, and on the climate scenarios to test how climate hazards and transition drivers could manifest across the Group's value chain. An initial relevance screen with various internal stakeholders reduced the long list of 36 to 25 items for detailed screening, based on whether each item had a plausible connection to the Group's operations, value chain, products, sourcing geographies or financial performance over the time horizons assessed. Any other risks and opportunities that were not detailed in the long list of 36 were also considered.
- Second pass (assessment): screened the 25 climate-related risks and opportunities into a shortlist of 12 based on potential impact and confidence. These 12 were then assessed using the Group's ERMF likelihood and consequence criteria, scenario sensitivity, value-chain exposure, stakeholder input and finally management validation. Scenario analysis was applied using the two scenarios described in Section 2.2.3.3 and the three time horizons described in Section 2.2.3.2, considering first inherent risk, and then once current controls were applied, assessing residual risk.

- This produced a final list of three climate-related risks that could reasonably be expected to affect the Group's prospects, and no such opportunities, based on their assessed ratings, current and anticipated financial effects, business-model and value-chain effects and the availability of reasonable and supportable information.

The first pass assessment drew on internal stakeholder input from across the three business units; internal documentation including previous risk reviews, group emissions reports, and AASB S2 preparedness documents; industry guidance reports for the Multiline and Specialty Retailers and Distributors industry; peer annual and sustainability reports; value-chain analysis; and external climate projections and physical climate hazard datasets for similar assets and sites. To supplement global scenario data with Australia-specific considerations, the assessment used the Australian National Climate Risk Assessment, the Climate Change Authority's Australia Sector Decarbonisation Pathways for the Built Environment, CSIRO-modelled pathways (A50/G2 and A40/G1.5) and AEMO scenarios (Step Change, Progressive Change, Green Energy Exports).

Likelihood and consequence framework

The Group assesses the nature, likelihood and magnitude of the effects of climate-related risks (and the potential effects of climate-related opportunities) using the Group's ERMF likelihood and consequence scales:

- Likelihood ratings: Rare, Unlikely, Possible, Likely, Almost Certain – calibrated to the time horizon being assessed.
- Consequence ratings: Insignificant, Minor, Moderate, Major, Substantial – applied across the ERMF consequence categories (financial, business disruption, people, regulatory, environmental, reputation).
- Overall risk rating: derived from the likelihood-consequence matrix and expressed as Low, Medium, High or Extreme.

2.2.4.2 Integration with existing risk management

Ahead of the climate scenario analysis, the Group (supported by a third party) reviewed and enhanced the ERMF to strengthen how climate-related risks and opportunities are identified and assessed. Key updates:

- Added an environment-related consequence category to the enterprise risk matrix.
- Introduced a formal climate-related risk appetite statement, including zero tolerance for actions that compromise staff safety or create cost volatility arising from extreme weather impacts on raw material prices.
- Revised likelihood ratings to align with the time horizons used in scenario analysis.
- Developed a dedicated opportunity matrix for assessing climate-related opportunities.

Climate-related risks are assessed, prioritised and reported on a consistent basis with other enterprise risks through the ERMF; they are not prioritised ahead of, or treated differently from, other enterprise risks. This allows the Board and management to compare exposures across risk types.

2.2.4.3 Monitoring of climate-related risks

Climate-related risks are monitored through the Group's established governance processes. The ERMF requires regular review of ratings, controls and mitigation actions. Climate-related risks are reviewed at least annually as part of the enterprise risk review cycle, with material changes escalated to the Audit and Risk Committee. The framework is updated to reflect evolving climate science, regulatory developments and business needs, consistent with ISO 31000 and ISO 14091.

2.2.5 Metrics and Targets

This section sets out the metrics the Group uses to measure and monitor its climate-related risks and opportunities, including its greenhouse gas (GHG) emissions. The Group's emissions are measured using activity data compiled at half-yearly intervals and reported for the same reporting entity and financial reporting period as the related financial statements. Emissions disclosed in this sustainability report relate to the 52 weeks ended 28 June 2026.

2.2.5.1 Greenhouse gas emissions

Measurement approach

Adairs Limited measures its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), applying the operational control consolidation approach. Under this approach, the Group accounts for 100% of Scope 1 and 2 emissions from all entities and facilities over which it has operational control, comprising the operations of Adairs, Mocka and Focus on Furniture, all wholly owned subsidiaries of Adairs Limited. The operational control approach was chosen as it reflects the boundaries within which management has the authority to implement operational policies and emissions reduction initiatives, and provides access to reliable and auditable emissions data. Reporting on the boundary the Group can influence and act on enables users to assess management's performance and track genuine progress in the Group's climate-related risks and opportunities over time.

There are no exclusions from the operational boundary, other than the exclusion described under ‘Exclusions’ below. All Scope 1 and 2 emissions disclosed relate to the consolidated accounting group.

Table 1. Scope 1 and 2 absolute gross emissions

ADAIRS GROUP	UNIT	FY26
Scope 1 GHG emissions	tCO_2-e	418.60
Scope 2 GHG emissions (location-based)	tCO_2-e	7167.38
Total Scope 1 and 2 (location-based)	tCO_2-e	7585.98

Emission factors

Emissions were calculated using activity data together with relevant emission factors. Scope 1 factors are sourced from Australia’s National Greenhouse Accounts (NGA) Factors, applied in line with the factor set in force for each half of the reporting period. Scope 2 factors are grid-average factors applied at state and territory level within Australia and at country level for New Zealand, sourced from the NGA Factors and the New Zealand Ministry for the Environment’s Measuring Emissions Catalogue (2026).

Consistent with AASB S2, emission factors that have already converted constituent greenhouse gases to CO_2-e values are not recalculated using more recent global warming potential assessments. FY26 is the Group’s first reporting period under AASB S2. No changes were made to the Group’s measurement approach, inputs or assumptions during FY26 compared to the previous year, other than the annual update of emission factors applicable to the reporting period.

Measurement inputs, assumptions and limitations

All scopes

For fugitive emissions, constituent greenhouse gases are converted to carbon dioxide equivalent (CO_2-e) using 100-year time horizon global warming potential (GWP) values from the IPCC Sixth Assessment Report (AR6).

Scope 1 emissions relate to fugitive emissions from air conditioning systems installed in stores, transport combustion emissions from fuel consumed by the Group’s vehicles, and stationary combustion of natural gas used in stores. In the absence of a complete air conditioning asset register, fugitive emissions were estimated using data from a sample of 11 stores serviced by the Group’s largest maintenance provider. From this sample, an average installed charge per square metre was derived and applied across the store network based on floor area. A single blended global warming potential was applied to all sites, calculated as the mass-weighted average of the refrigerants observed in the sample, rather than the specific refrigerant in use at each site.

A blended rate was used because refrigerant type could not be confirmed for every store in the sample at the time of reporting, and a mass-weighted average across the observed refrigerant mix was considered the most reasonable and supportable basis for extrapolation across the network.

Emissions were calculated using leakage assumptions from the Cold Hard Facts 4 study. The estimate is subject to measurement uncertainty and will be refined as the asset register is completed across all brands and actual refrigerant type, charge and leakage data are captured for individual sites. Transport combustion emissions have been measured via fuel volume data sourced from fuel card invoices, with the final month of the reporting year estimated using average consumption across the prior 11 months, as invoice data for that month was not yet available at the time of reporting. Stationary combustion data has been sourced from GJ consumption volumes obtained from supplier invoices, using the same estimation approach as Scope 2 electricity (described below) where site-level invoice data was incomplete.

Scope 2

Scope 2 emissions relate to electricity purchased and consumed by the Group. Electricity consumption data has been sourced via invoices from our energy providers. Scope 2 emissions are presented as location-based emissions (average emissions intensity of grids where energy consumption occurs using region-specific average emission factors).

Where actual data was unavailable for individual sites, consumption was estimated using one of the following approaches, depending on the nature of the gap: for sites without activity data, including the Focus Warehouse and stores opened during the year, by benchmarking against warehouses or stores of similar footprint and floor area (m^2); where an invoice was missing for a given month, by applying the same month's consumption from the prior year; and where an invoice covered only part of a month, by extrapolating the missing weeks from the portion covered. Estimates account for 74% of the Group's reported FY26 Scope 1 emissions and 18% of Scope 2 emissions. GHG quantification is subject to inherent uncertainty arising from the evolving knowledge used to determine emission factors and the values required to combine emissions of different gases.

Scope 2 contractual instruments

In September 2024, the Group entered into a seven-year Power Purchase Agreement with Agile Energy for the installation of solar photovoltaic systems across selected Adairs and Focus on Furniture sites. The systems are classified as Small-scale Renewable Energy Scheme (SRES) installations and the electricity generated is consumed on site to reduce reliance on grid-supplied electricity. During FY26, operational solar installations were in place at the Frankston and Waurn Ponds sites and generated approximately 63,000 kWh of renewable electricity. As generation data for June 2026 was not available at the time of reporting, June 2025 generation was used as a proxy to estimate June 2026 generation. A market-based Scope 2 emissions total is not separately disclosed.

Scope 3 emissions

In accordance with the transitional relief provided by AASB S2, Scope 3 GHG emissions have not been reported in the first reporting year and will be disclosed in subsequent years, using all reasonable and supportable information available at the reporting date.

Exclusions

There are no material exclusions from the Group's Scope 1 and Scope 2 greenhouse gas emissions inventory. Where complete activity data was not available, emissions were estimated using reasonable and supportable assumptions based on the best information available at the reporting date.

2.2.5.2 Climate-related risk and opportunity metrics

The Group uses the following climate-related metrics to measure and monitor the percentage of assets or business activities vulnerable climate-related risks, in line with AASB S2 paragraph 29. FY26 is the first period of measurement, and comparative figures will be reported from FY27.

Table 2. Vulnerability metrics associated with climate-related physical and transition risks

CLIMATE-RELATED RISK	METRIC	UNIT	FY26
Extreme heat (physical risk)	Capital expenditure deployed on heat adaptation measures	AUD	Immaterial
Extreme heat (physical risk)	Heat-related health and safety incidents across the workforce	Number of incidents (annual)	0
Supply-chain concentration (transition risk)	Reduction in sourcing dependency on the highest-risk geography	% of procurement spend	1%
Material sourcing and supplier exposure to weather events (physical risk)	Tier 1 suppliers with a completed sustainability assessment	% of Tier 1 suppliers	6%

Note: The Group considers a range of factors when assessing sourcing geography risk, including governance, regulatory, operational and concentration risks. China (including Hong Kong) represented 73.2% of total Group stock purchases by value in FY26 and, after considering these factors, is assessed as the Group's highest-risk sourcing geography due principally to its concentration within the Group's supply chain.

Capital deployed on heat adaptation measures is the capital expenditure incurred on physical measures to adapt the Group's operations to extreme heat during the period, including ventilation, cooling and other heat-mitigation initiatives at distribution centres, measured in Australian dollars from the Group's financial records.

Heat-related health and safety incidents is the number of incidents attributable to heat exposure recorded in the Group's health and safety reporting system during the period, where heat exposure is identified in the incident record as a contributing factor.

Reduction in sourcing dependency on the highest-risk geography is the change in the proportion of total procurement spend sourced from the highest-risk geography relative to the prior period, derived from the Group's procurement records. The FY26 proportion of procurement spend sourced from the highest-risk geography is 73.2%.

Tier 1 suppliers with a completed sustainability assessment is the proportion of the Group's Tier 1 suppliers that have completed a sustainability assessment through the Group's supplier survey program as at the reporting date.

Each vulnerability metric is an absolute or proportional measure as indicated by its unit, is calculated from the Group's internal records as described above, and has not been validated by a third party. These metrics address the cross-industry metric categories in AASB S2 paragraph 29(b), (c) and (e) across the Group's three disclosed climate-related risks. As no climate-related opportunities were assessed as reasonably expected to affect the Group's prospects in this reporting period (Section 2.2.3.3), no amount or percentage is disclosed under paragraph 29(d).

2.2.5.3 Other cross-industry metrics

Internal carbon price

The Group does not have an internal carbon price and did not apply a carbon price in decision-making during FY26. The role of an internal carbon price in capital allocation and investment decisions will be considered as part of the development of the Group's transition plan.

Capital deployment

In FY26, the Group incurred immaterial capital expenditure specifically identified as climate-related, relating to ventilation, cooling, and other heat-mitigation measures at its Brisbane-based distribution centre. As part of the Group's response to extreme heat, operational changes were also implemented during periods of elevated temperatures. Capital deployment attributable to climate-related risks and opportunities is not otherwise separately disaggregated in the Group's FY26 financial reporting, and the amount identified above is not material to the Group's overall capital expenditure. The Group expects to consider explicit climate-related allocations as part of future budgeting processes, enabling fuller disclosure in future periods.

Remuneration

Climate-related considerations were not factored into executive remuneration in FY26. Accordingly, 0% of executive remuneration recognised in the current period was linked to climate-related considerations. The Board will consider the integration of climate-related measures into remuneration frameworks alongside the setting of the Group's revised climate-related targets.

2.2.5.4 Climate-related targets

The Group has previously stated a commitment to achieve net-zero Scope 1 and Scope 2 emissions by 2030. FY26 is the first year in which the Group has prepared a complete Scope 1 and Scope 2 greenhouse gas inventory and undertaken a comprehensive climate-related risk and opportunity assessment, and FY26 serves as the baseline against which future targets will be measured. The Board has reviewed the 2030 commitment in light of that work.

The Group has not set a quantitative climate-related target for FY26. The Group intends to set a revised climate-related target, including the treatment of the 2030 commitment, for disclosure in its FY27 reporting, subject to Board approval and alignment with the Group's external reporting requirements.

3. PRODUCT

Designing products that last, that are safe, and that are responsibly packaged.

3.1 Product Standards

First and foremost, Adairs' products are designed and made to last – high-quality materials are used to make sure each product lives a long and rewarding life.

Adairs strives to add sustainable attributes across its various product categories. Examples include:

STANDARD	WHAT IT MEANS
Responsible Down Standard (RDS)	100% of Adairs Feather/Down-filled bedding products including quilts and pillows, as well as Feather/Down cushion inserts, are responsibly sourced. Through responsible sourcing we aim to make sure, to the highest possible extent, that down and feathers do not come from animals in a supply chain that have been subjected to any unnecessary harm. It takes a holistic approach to the animal welfare of the birds, from hatching to slaughter. Any removal of down and feathers from live birds is prohibited, as is force-feeding.
OEKO-TEX Standard 100/ Made in Green	Adairs is striving to ensure that bedlinen, towels and napery are certified to either OEKO-TEX Standard 100, which certifies that every component of the article to which the label is attached (being every thread, button and other accessory) has been independently tested for harmful substances, or OEKO-TEX Made in Green. OEKO-TEX Made in Green extends the certification to traceability and social responsibility.
Forest Stewardship Council (FSC) certified timber	Selected Mark Tuckey furniture sold by Adairs is made from FSC certified timber. FSC certification designates that wood has been harvested from forests that are responsibly managed, socially beneficial, environmentally conscious, and economically viable.

Adairs continues to explore the use of alternate fibres such as Recycled polyester made from post-consumer waste. Recycled polyester is widely used in Adairs wadded quilt covers and coverlets.

3.2 Product Safety

Adairs is committed to the highest standards of product safety and has robust processes in place to ensure full compliance with Australian and New Zealand consumer laws.

A comprehensive, well-established product testing regime addresses all applicable regulated and non-regulated safety standards for every product. Testing is conducted at recognised third-party National Association of Testing Authorities (NATA)-accredited facilities, and certain products are re-tested at regular intervals to maintain assurance.

Adairs cots are certified by INPAA (Infant & Nursery Product Alliance Australia) to ensure they meet strict industry requirements, and we advocate safe infant products.

Adairs cots are certified by INPAA to ensure they meet strict nursery safety requirements.

3.3 Sustainable Packaging

Adairs is a signatory to the Australian Packaging Covenant (APCO), an agreement between government and businesses to share the responsibility for managing the environmental impacts of packaging in Australia. As a signatory, Adairs reports on its progress against set targets annually and is scored based on its performance.

Adairs' most recent report (2026, covering the reporting period January 2025 to December 2025) saw APCO give the company an Overall Performance rating of 'Good Progress' (32%), compared with an 'Advanced' rating (45%) for the prior reporting period (January 2024 to December 2024). This change largely reflects an expanded reporting scope across the Group's portfolio of brands: several criteria are now measured on a packaging-tonnage basis covering a broader base of the Group's operations, and the newly-captured volume has not yet been brought through the design-review, labelling and material-efficiency programs applied to the core business, which dilutes the aggregate result. Adairs is working to extend these programs across the full Group portfolio ahead of the next reporting cycle. A copy of the most recent annual APCO report is available on Adairs' investor relations website.

As a signatory Adairs has made significant progress to achieving the APCO 2025 National Packaging Targets:

- 100% of packaging to be reusable, recyclable or compostable
- 70% of any plastic packaging being recycled or composted
- 50% of packaging content to come from recycled sources
- The phasing out of single-use plastic packaging.

3,968T

PACKAGING PLACED ON MARKET

this reporting cycle

73%

CONTAINED RECYCLED CONTENT

2,908 tonnes

89%

CARDBOARD, BY WEIGHT

fully recyclable

In this reporting cycle, Adairs placed 3,968 tonnes of packaging on the market, of which 73% (2,908 tonnes) contained recycled content – exceeding the 50% recycled content target above. Cardboard remains Adairs' primary packaging material, representing 89% of total packaging by weight, and is fully recyclable.

Adairs has made significant strides in improving the sustainability of its packaging by transitioning from problematic materials – such as plastics and polystyrene – to paper-based alternatives that are fully recyclable. Below is a summary of key initiatives driving this transformation:

INITIATIVE	DESCRIPTION
Plastic-Free Bedlinen Packaging	Adairs bedlinen features 'plastic-free' on-shelf packaging, utilising fabric made from the same material as the enclosed product.
Eco-Friendly Protection for Fragile Items	Products previously transported in polystyrene moulds are now packaged using corrugated cardboard. These new solutions have undergone rigorous drop testing to ensure durability during transit.
Reduction in Plastic Usage	90% of plastic bags have been eliminated from Adairs products. Where plastic is still required, it is made from a minimum of 50% post-consumer recycled material.
Ongoing Packaging Refresh	Adairs is actively working to update all bedlinen packaging. This includes transitioning from fabric packaging to minimalistic paper-based alternatives. To future-proof our packaging reporting ahead of fast-approaching packaging legislation, Adairs is investing in the tools and expertise needed to drive our APCO goals. In addition to removing the current manual process, we will be able to obtain important performance reports to drive APCO commitments.

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's review report to the members of Adairs Limited

Conclusion

We have conducted a review of the following information in the Sustainability Report of Adairs Limited (the Company) and its subsidiaries (collectively the Group) for the 52 weeks ended 28 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Section 2.2.2 on page 27
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Sections 2.2.3 to 2.2.4 on pages 28 to 35
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Sections 2.2.5 on pages 35 to 38

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

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We are independent of the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon in this review report. We have issued a separate auditor's report on the Financial Report and the Remuneration Report.

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Inherent limitations

As discussed on page 26 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

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Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of Group's assessment of climate-related risks and opportunities
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures
- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information

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- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

Ernst & Young

Tony Morse
Partner
Melbourne
24 August 2026

CORPORATE GOVERNANCE

The Company has followed the recommendations of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) throughout the reporting period. Further details are set out in the Group's Appendix 4G and 2026 Corporate Governance Statement, authorised for issue by the Directors on 24 August 2026, which are available to be viewed on the Group's investor relations website at: www.investors.adairs.com.au

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity, Adairs Limited (the "Company") and its subsidiaries (the "Group") for the 52 weeks ended 28 June 2026 ("FY26").

DIRECTORS

The following persons were directors of Adairs Limited during the period and up to the date of this report, unless otherwise stated.

- Trent Peterson
- Kiera Grant
- David MacLean
- Narelle (Elle) Roseby
- Rachel Kelly
- John Batistich (appointed: 25 May 2026)

Information on the qualifications and experience of directors is included on pages 56 to 58 of this report.

PRINCIPAL ACTIVITIES

During the period, the principal continuing activity of the Group consisted of retailing homewares, furniture, and home furnishings in Australia and New Zealand through both retail stores and online channels. During the period the Group exited the Adairs New Zealand store network; the Mocka business continues to trade in New Zealand. There were no other significant changes in the nature of the Group's activities during the period.

DIVIDENDS

In respect of FY26, an interim dividend of 5.5 cents per share was paid to the holders of fully paid ordinary shares on 7 April 2026 and directors have declared a final dividend of 6.0 cents per share, payable to holders of fully paid ordinary shares registered on 8 September 2026 (Record Date), with payment on 1 October 2026 (Payment Date). Both dividends are franked to 100% at the 30% corporate income tax rate. Total dividends declared for the full year of 11.5 cents per share ($20.5 million) represent a 59% payout ratio of Underlying net profit after tax ("NPAT").

In determining the FY26 dividends, the Board had regard to the Group's Underlying NPAT and operating cash generation, the non-cash nature of the impairment recognised in respect of Focus on Furniture, the Company's franking account position and available profits, and the solvency of the Company. The statutory loss after tax for the period is attributable to non-cash and non-recurring items and does not reflect the cash-generating capacity of the Group.

The dividend reinvestment plan ("DRP") has operated throughout the current reporting period, with DRP shares sourced from an issue of new shares by the Company. The DRP will operate in respect of the FY26 final dividend: the last date for receipt of election notices is 9 September 2026, with the issue price determined over the five trading days from 10 to 16 September 2026, less a discount of 1.5%.

OPERATING AND FINANCIAL REVIEW

The following provides a summary for FY26 with detailed commentary contained within the Managing Director and Group CEO's report on page 6. FY26 and FY25 are both 52-week periods and unless otherwise stated, comparisons are to the corresponding 52-week period in FY25:

- Total Group sales were $641.7 million, representing an increase of +3.8%. Group online sales increased +12.6% to $209.2 million, representing 32.6% of total Group sales. At a business unit level, Adairs delivered total sales of $459.2 million, up +3.9%, led by the contemporary product transformation across bedlinen, bathroom, home fragrance and styling categories, with store like-for-like sales growth of +1.4% and online sales growth of +9.4%. Mocka delivered another year of strong growth, with total sales up +22.9% (Australia +38.0%; New Zealand +0.4%). Focus on Furniture sales declined -5.6%, with trading broadly flat across the first three quarters before a sharp decline in the fourth quarter.

- Group gross profit of $302.2 million increased by +4.4%, with gross profit margin up +30bps to 47.1%. Adairs gross profit margin improvement from Q2 onwards was driven by range transformation, sourcing discipline and reduced promotional intensity in the second half. Mocka gross profit margin also expanded on design-led newness and healthier inventory. Gross profit margin at Focus on Furniture was broadly maintained on the prior year with the sales shortfall driven by store traffic, conversion and delivered sales timing rather than price.
- Cost management remained a priority across the Group. Costs of doing business increased relative to sales due to the underperformance of Focus on Furniture, with productivity gains within the store portfolio and supply chain offsetting continued inflationary pressure in wages, rents, utilities and logistics.
- Underlying EBIT for the Group of $55.0 million was broadly in-line with the prior year (down -0.4%), comprising contributions from Adairs of $41.1 million (up +14.9%), Mocka of $10.1 million (up +32.1%) and Focus on Furniture of $3.8 million (down -67.6%).
- The Group recorded a statutory loss after income tax of $39.4 million (FY25: profit of $25.7 million), after recognising a non-cash impairment of Focus on Furniture goodwill and brand intangibles of $63.5 million, Adairs New Zealand exit costs of $2.5 million, SaaS digital project costs of $18.6 million. The impairment charge does not affect the Group's cash flows, funding facilities or covenant position. Excluding these items, as well as the impact of AASB 16 Leases, the underlying performance of the Group is set out in the reconciliation below.
- Statutory basic loss per share of 22.2 cents (FY25: earnings of 14.6 cents).
- Net debt[1] of $47.6 million, $20.0 million lower than at the same time last year, reflecting strong cash generation and disciplined capital management. Gearing (net debt / Underlying EBITDA) of 0.7x.

The following table provides a reconciliation from Underlying EBIT (non-IFRS) to the statutory (loss) / profit after income tax:

UNAUDITED	**52 WEEKS ENDED 28 JUN 2026 $'000**	**52 WEEKS ENDED 29 JUN 2025 $'000**	**CHANGE**
Sales	641,747	618,092	+3.8%
Gross profit	302,154	289,302	+4.4%
Gross profit %	47.1%	46.8%	+30bps
Underlying EBIT (non-IFRS)[2]	**55,002**	**55,207**	**-0.4%**
Significant items:			
Impact of AASB 16 *Leases*	10,834	8,293	
Impairment of Focus on Furniture goodwill and brand intangibles	(63,499)	–	
Adairs New Zealand exit costs	(2,539)	–	
SaaS technology project costs	(18,615)	(4,401)	
Leadership transition costs	–	(1,639)	
Warehouse management system transition costs	–	(802)	
Head office and warehouse transition costs	–	(2,132)	
Statutory EBIT (IFRS)	**(18,817)**	**54,526**	**n.m.**
Finance expenses	(20,326)	(18,395)	
Finance income	193	311	
(Loss) / profit before income tax	**(38,950)**	**36,442**	**n.m.**
Income tax expense	(428)	(10,760)	
(Loss) / profit after income tax	**(39,378)**	**25,682**	**n.m.**

1. Net debt is Borrowings less Cash and cash equivalents.
2. Underlying EBIT is a non-IFRS measure used by the Board and management to assess performance; it is unaudited and are presented consistently with prior periods.

STRATEGY UPDATE

Group Overview and Strategic Direction

The Group comprises three wholly owned business units – Adairs, Mocka and Focus on Furniture – each serving distinct customer segments within the mid-market home furnishings and furniture sector across Australia and New Zealand.

Each business operates a vertically integrated retail model, meaning the products sold through its stores and websites are, in all material respects, designed in-house and exclusive to each brand. This model enables end-to-end control over product development, marketing, pricing, and distribution, allowing each business to maintain brand integrity, optimise margins, and respond swiftly to market changes. Well-established loyalty and customer engagement programs further enhance our ability to attract and retain customers efficiently.

In FY26, the Group's work was organised around three strategic pillars – elevating the product and brand; deepening customer obsession; and ways of operating – applied across all businesses and calibrated to each brand's strategy and stage of maturity. These pillars are the operating expression of Vision 2030 and are creating a stronger, more scalable platform for long-term growth.

Vision 2030: Strategic Framework

Vision 2030 – the Group's strategic framework for each business unit and the Group as a whole – is being progressively applied across all businesses. The Board is encouraged by the progress made in FY26 while recognising that the Group is not yet at the halfway point of the Vision 2030 plan. Progress is most visible at Adairs, which is furthest advanced on the roadmap and where momentum is building across inventory productivity, gross margin and cost-of-doing-business productivity; Mocka is scaling profitably; and Focus on Furniture is at the beginning of its turnaround. The majority of the benefit of the work undertaken remains to be realised.

Adairs

As the Group's largest business, Adairs is focused on becoming Australia's Ultimate Home Style Destination. In FY26 the contemporary product transformation translated into results following an initial Q1 period that involved clearing excess inventory and trialling different types and cadence of promotional activity. Total sales grew +3.9% to $459.2 million and gross margin improved across Q2 to Q4, with growth led by the categories Adairs is best known for – bedlinen, bathroom, home fragrance and core home styling – and delivered through stronger full-price sell-through rather than deeper discounting.

The Linen Lover program held steady at over one million paying members, contributing more than 80% of Adairs brand sales, with member quality improving through the year supported by the Qantas Frequent Flyer partnership, which accounted for approximately one third of new member acquisitions. Social and digital engagement continued to grow, and Click & Collect strengthened the omni-channel offer, contributing approximately 4% of total sales and driving incremental in-store purchases.

The Store of the Future program – with the initial concept store at Bondi Junction validating key elements of the format – is now scaling selectively through major refurbishments, new stores and light-touch refurbishments that transfer fixtures and learnings across the broader network in a capital-disciplined way. The implementation of a new ERP system is well progressed toward an early-FY27 go-live, with a material share of the project cost absorbed in FY26.

During the year the Group made the disciplined decision to exit the loss-making Adairs New Zealand store network and online distribution channel, concentrating the Adairs business on its profitable Australian core (see "Adairs New Zealand exit" below).

Mocka

Mocka delivered another year of strong momentum. Sales grew 22.9% (Australia +38.0%; New Zealand +0.4%), and gross margin expanded, supported by design-led product innovation and category expansion into outdoor, lighting, youth and sofas, and progressively healthier inventory requiring less clearance activity.

Mocka took its first deliberate step into standalone physical retail, opening its first store at Maroochydore (QLD) in June 2026. A second store opened at Tower Junction (Christchurch, NZ) in July 2026, taking over the site previously co-located with Adairs, with Mornington (VIC) expected to take the network to three stores trading by Q3 FY27. These stores are a deliberate test-and-learn to understand the omni-channel operating model for the brand – not a committed store rollout – and early customer response will inform the pace of any further expansion. In the fourth quarter, Mocka also benefited from closer integration with Group supply chain infrastructure, commencing fulfilment to customers in southern states from the Adairs National Distribution Centre in Victoria.

Focus on Furniture

FY26 was a year of two distinct phases for Focus on Furniture. The business traded broadly in line with the prior year through the first three quarters, with delivered sales up +0.2%, stabilising a multi-year pattern of gradual market-share decline that reflected insufficient evolution of the product range, marketing and in-store presentation. Performance deteriorated materially in the fourth quarter following the founder and management transition, which occurred with limited handover and left the incoming team with reduced visibility of inventory planning, operating processes and management information. Decisions taken reactively in that period interrupted inventory ordering, reduced product availability and extended delivery lead times, while tightened discounting controls and promotional execution against an ageing range further affected store traffic and conversion. Delivered sales declined -25.5% in the fourth quarter, resulting in full-year sales of $111.3 million, down -5.6%, and Underlying EBIT of $3.8 million, down -$8.0 million. Gross margin rate was broadly maintained on the prior year. Reflecting recent trading performance and the multi-year turnaround program ahead, the Group recognised a non-cash impairment of Focus on Furniture goodwill and brand intangibles of $63.5 million in the second half.

The transition-related disruption has been addressed: inventory ordering has been rebuilt, with inbound stock restoring availability and delivery lead times through the first quarter of FY27; discounting discretion has been restored to store teams under clear governance; and sharp promotional price points have been reinstated across the major trading events. A more sustainable management structure is in place, led by a new Chief Executive Officer for the business who commenced in November 2025, with operating visibility and commercial disciplines rebuilt under Group standards, supported by Group executive oversight and by the strengthened Business Unit Advisory Committee for Focus on Furniture, which includes non-executive director participation – consistent with the stabilisation program described under Material Business Risks.

Beyond these corrections, a turnaround program is underway across three pillars. Product and supplier renewal is the primary lever: rebuilding the range with exclusive, design-led collections and clear category price architecture, broadening the supplier base, and landing new product from early FY27 with regular injections through the year. Brand and customer repositions the business around considered style, stock availability and clear value, supported by a refreshed brand platform, a disciplined trade calendar, a rebuilt website and upgraded CRM capability. Retail execution rebuilds conversion through a structured selling program, a new store incentive scheme, demand-based rostering and progressive refurbishment to the upgraded store format. Early proof points support the program: the refurbished Frankston store outperformed the store network; made-to-order grew its share of sales; standardised visual merchandising completed across the majority of stores; the new Tuggerah (NSW) store opened in March 2026; and the consumer finance offer launched in the second quarter generated a meaningful sales contribution.

The Group remains committed to a national Focus on Furniture network. The store roll-out, paused while the proposition is reset, is intended to be re-initiated as the turnaround takes hold, targeting a network of 40–50 stores over approximately five years from 27 showrooms today. Benefits of the product-led work are expected to begin flowing through the business in the latter part of FY27 and to build into FY28.

Adairs New Zealand exit

During FY26 the Group made the decision to exit the Adairs New Zealand store network and online distribution channel, which had not achieved the scale required to generate acceptable returns. All eight Adairs New Zealand stores and the website ceased trading by, or shortly after, the end of June 2026. The FY26 statutory result includes exit costs of $2.5 million which have been excluded from underlying earnings. The exit removes a loss-making region from the go-forward business that contributed less than 3% of total Adairs business unit sales. The Mocka business is unaffected and continues to trade in New Zealand, with the former Adairs store at Tower Junction being transferred to Mocka.

Material Business Risks

A number of risk factors, both specific to the Group and general, may impact its future operating and financial performance. The performance of the Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates, access to debt and capital markets, and government policies.

The specific material business risks that are likely to influence the financial prospects of the Group, and their mitigants, include:

RISK	EXPLANATION	MITIGATION
Major economic downturn	Macroeconomic conditions – including geopolitical instability, cost-of-living pressure, interest rates, unemployment and consumer confidence – directly influence demand for the Group's products, many of which are discretionary in nature. Sustained pressure on household budgets has constrained discretionary spending, and a significant deterioration in consumer and retail sentiment from current levels would likely materially reduce demand for the Group's products and adversely affect its financial performance.	The Group proactively and conservatively manages its business based on its assessment of the likely future environment in which it operates. This includes scenario planning across base and downside cases, identified cost flexibility levers, disciplined inventory management and weekly trading reviews, ensuring that the cost base is aligned with expected sales levels and that access to liquidity is retained.
Group business interruption	Unforeseen disruptions, including pandemics, geopolitical tensions, cyberattacks, technology failure, distribution facility interruption and natural disasters, have the potential to significantly impact the Group. These disruptions can affect our supply chain, consumer behaviour, and day-to-day operations. Geopolitical tensions may lead to trade restrictions, rising costs, resource scarcity, and regional instability, impacting our ability to source materials and deliver products.	The Group has a dedicated Risk & Compliance team that is responsible for monitoring business continuity risk and developing continuity plans across all aspects of the Company's operations. Physical and system redundancies mitigate the duration and impact of business-impacting events. Scenario-based training on critical incidents is undertaken regularly to test the efficacy of these mitigations. Supplier concentration and third-party risks are also monitored and managed as required.
Availability of funding and liquidity	The availability of funding and management of capital and liquidity are important to funding the Group's business operations and growth objectives. Reduced access to liquidity increases the risk of insolvency in the event of a rapid and extended decline in sales.	The Group has a strong and long-standing relationship with its primary bank and broader banking syndicate. It has Group revolving debt facilities of $135 million, comprising $90 million maturing in July 2028 and $45 million maturing in July 2029. The Group undertakes detailed short and medium term cashflow forecasts, including stress testing, to ensure there is sufficient headroom to accommodate unforeseen material shocks.

RISK	EXPLANATION	MITIGATION
Technology transformation (ERP replatform)	The Adairs business unit is replacing its core enterprise resource planning platform, which supports finance, merchandising and supply chain operations, with go-live targeted for Q1 FY27. As at the date of this report, the program is in its highest-risk phase, with user acceptance testing and cutover preparation underway. Failure to deliver the program on time and on budget, defects in integration with warehouse, customer and finance systems, or disruption during cutover could interrupt trading, delay reporting and increase costs.	The program operates under dedicated governance, including a steering committee and Audit & Risk Committee oversight, supported by independent assurance reviews. Delivery controls include defined testing exit criteria, executive go/no-go gates, a phased cutover with rollback plans, data migration rehearsals scheduled outside peak trading periods, finance and merchandising parallel runs, and structured change management, training and post-go-live support.
Focus on Furniture leadership transition	Focus on Furniture is transitioning from a founder-led operating model to a new leadership team operating under Group disciplines. Businesses making this transition commonly experience elevated operational risk while processes, systems and controls that previously relied on the close personal oversight of the founders are formalised and scaled. Specific areas of focus include merchandise and inventory planning maturity, distribution centre stabilisation and transport arrangements, the depth of divisional support functions, and the consistency of commercial disciplines. Until the transition is complete, divisional trading performance and costs may be more variable, and the benefits of the new operating model will take time to be fully realised. The carrying value of the Focus on Furniture business was reduced through a non-cash impairment of goodwill and brand intangibles in FY26 and remains sensitive to delivery of the transition program.	An experienced new divisional leadership team is in place, supported by Group executive oversight and shared Group functions. A structured stabilisation program with defined milestones covers merchandise and inventory planning, distribution centre operations, transport capacity, finance capability and commercial disciplines, with progress reported regularly to the Board. Key operational dependencies are being reduced through supplier and carrier diversification, and divisional policies and controls are being aligned to Group standards.
Customers' buying habits or seasonal trading patterns may change	The majority of the Group's products are discretionary in nature, particularly products in the Group's fashion item lines, where consumer preferences and tastes can change quickly. Consumer demand for these products is sensitive to the Group's fashion and design selections and product range. A broad-based or series of significant misjudgments in interpreting product and fashion trends and overestimation of the quantum of demand for these products could adversely affect the Group's financial performance.	The Group has a highly experienced product development team that actively monitors and forecasts fashion trends domestically and internationally. The company undertakes range review processes prior to purchase and post-season reviews to capture key learnings. Further category expansion has diversified risk across more product groups. A robust quality assurance program is in place to support a commitment to quality and compliance to mandatory standards.

RISK	EXPLANATION	MITIGATION
Competition may increase or change	The Group operates in competitive markets with low barriers to entry. Competitive intensity has increased, including from low-cost cross-border online marketplaces and from established value retailers expanding their homewares and furniture offers in Australia and New Zealand. The Group's competitive position may deteriorate if customers choose to purchase products from competitors, leading to downward pressure on sales and margins and an adverse impact on the Group's financial performance. There is also a risk that the Group does not act on opportunities to increase market share as competitive circumstances change.	All three businesses monitor competitor and marketplace activity on an ongoing basis. The primary defences against competition are exclusive, on-trend products, a market-leading customer service culture, and a popular and effective customer loyalty program (Linen Lover). Range architecture and entry price points are actively managed to remain competitive on value.
Cybersecurity and IT infrastructure	A considerable proportion of the Group's business is conducted online and involves collecting customer data, including through Adairs' Linen Lover loyalty program. The protection of customer and corporate data and our digital infrastructure is critical to our operations, and a breach could have significant reputational, financial, and regulatory implications for the Group. The regulatory consequences of a data breach have increased, including higher penalties under the Privacy Act and an expanding program of privacy law reform. Risks associated with Artificial Intelligence ("AI") are discussed separately below.	Protection of customer data, corporate applications and IT infrastructure is managed by a control framework and the continuing focus on system control improvements, supported by an established and embedded security strategy, which includes the real-time services of external security specialists. Periodic cybersecurity audits are undertaken across all three businesses, which include penetration testing and dark web monitoring. A Group Privacy Officer supports refreshed Group privacy policies and data-handling procedures. The Group cybersecurity framework encompasses not only traditional threats but also the evolving risks associated with AI.
Artificial Intelligence	AI presents both opportunities and risks for the Group. Adopting AI too slowly risks competitive disadvantage as the technology reshapes retail marketing, merchandising, customer service and productivity, while adopting it without adequate governance creates legal, regulatory and reputational exposure across privacy and data use, intellectual property, algorithmic bias and disclosure. The pace of change in AI capability and regulation remains high.	The Group's approach is guided by an AI strategy roadmap endorsed by the executive team, a Group AI governance policy and acceptable-use standards, a register of AI use cases with risk classification, legal and privacy review prior to deployment, human oversight of customer-facing applications, and AI training for team members.

RISK	EXPLANATION	MITIGATION
Regulatory and employment compliance	The Group is subject to a broad range of laws, regulations and contractual arrangements – spanning consumer law and product safety, privacy, modern slavery, tax, workplace and employment law (including modern award compliance and payroll integrity across an enlarged, multi-brand workforce), and ASX listing obligations – and is exposed to adverse regulatory or legislative change. Penalties for non-compliance have increased across several of these regimes, including the criminalisation of intentional wage underpayment. Breaches or adverse changes could negatively impact the Group's reputation and profitability, result in the imposition of significant fines, or cause other adverse consequences.	The Group has a dedicated Risk & Compliance function responsible for monitoring, recording and ensuring compliance with regulatory requirements, supported by in-house compliance training, an internal audit function and external legal advisors who understand the business. Award classification and payroll compliance are reviewed across all brands, with newly integrated operations progressively aligned to Group standards, and supplier obligations are managed through the Group's code of conduct and ethical sourcing program.
Climate change and sustainability reporting	The Group is exposed to physical climate risks (including acute weather events affecting stores, distribution centres and supply chains) and transition risks (including policy, market and reputational shifts associated with the move to a lower-carbon economy). From FY26 the Group is subject to mandatory climate-related financial disclosure under AASB S2, and failure to meet these obligations, or misstatement within them, carries regulatory and reputational consequences. Stakeholder expectations on broader environmental, social and governance matters also continue to increase.	Climate-related risks are identified and assessed within the Group's enterprise risk management framework, including scenario analysis in accordance with AASB S2. A dedicated readiness program, supported by external specialists, has established the Group's emissions baseline, disclosure processes and assurance readiness. The Group's climate-related disclosures are set out in the Sustainability Report, which is reviewed by the Audit & Risk Committee and approved by the Board, and subject to assurance procedures.
Workplace health and safety	The Group recognises its moral and legal responsibilities to provide a safe and healthy work environment for its team and shopping environment for its customers. Any failure to adequately address these responsibilities could result in serious injury and/or death and negatively impact the Group's reputation and profitability including via the imposition of significant fines or other adverse consequences.	The Group has an ongoing program to embed a safety culture across the business through training and leadership. Quarterly health and safety reports are provided to the Audit & Risk Committee. The Health and Safety program is regularly audited across the business to ensure key areas of risk are adequately identified and mitigated. Regular training across all levels of the business is also in place to embed a positive safety culture. The Group also recognises the importance of integrating psychosocial risk management into the broader Health and Safety program.
Management succession	The Group has a number of executive team members considered key to the success of the Group by its stakeholders. A failure to adequately plan for their succession may result in the appointment of inappropriate persons, high turnover of senior management, loss of market share, reputational damage and a decline in investor sentiment towards the company.	A regular risk assessment is conducted to identify critical roles and to ensure mitigants are implemented, such as knowledge transfer, talent development and retention strategies and continuity planning. Succession plans are in place for all key management personnel. A comprehensive leadership development program is in place across all leadership roles of the business which seeks to develop the leadership capabilities of the next level of talent within the business.

RISK	EXPLANATION	MITIGATION
Supply chain risk	Short-term disruptions in the supply chain can be caused by factors such as shipping delays, port closures and labour shortages, and geopolitical events can disrupt key shipping routes and drive sustained increases in freight and fuel-related input costs. The Group currently sources over 93% of its products from outside Australia (primarily China, India and Bangladesh). Concentration of supply – geographically, by supplier volume or through single-source arrangements in parts of the Group – raises risks associated with supplier failure or insolvency, geopolitical exposure, raw material supply and climate risk. The Group also relies on third-party transport providers, with associated capacity, cost and heavy vehicle Chain of Responsibility compliance obligations.	The Group regularly assesses suppliers to identify opportunities to consolidate and/or diversify sourcing countries and to reduce single-source dependencies, including through alternate-supplier qualification. It maintains regular and transparent communication with suppliers to minimise the risk of unforeseen circumstances impacting on suppliers' ability to fulfil orders. Freight exposure is managed through tendering, consolidation and negotiated fuel-levy arrangements, and sustained input-cost pressure is addressed through pricing and range architecture. Transport partner management includes Chain of Responsibility compliance controls.

OUTLOOK

Trading conditions for discretionary retailers in Australia and New Zealand remain mixed, with consumers selective and value-conscious. The Group enters FY27 with momentum at Adairs and Mocka, a clear turnaround program underway at Focus on Furniture, and a simpler operating platform following the exit of the Adairs New Zealand network.

At Adairs, the product-led improvements in gross margin and inventory productivity delivered in FY26 were achieved while still cycling lower-rate currency hedging; the effective hedge rate is expected to improve into FY27, balanced against renewed cost inflation across wages, rents and logistics, which the Group expects to manage proactively through sales, margin and cost initiatives.

The new Adairs ERP system is scheduled to go-live in early FY27 and the associated implementation risk is being actively managed.

At Mocka, the omni-channel operating model will expand through the completion of the initial three-store network, and early customer response will inform the pace of any further expansion.

At Focus on Furniture, the Group expects a difficult first half of FY27 as the weaker fourth-quarter order book carries into the new year, with the benefits of the turnaround program beginning to emerge from the latter part of the year and building into FY28.

Management remains focused on cost discipline and productivity. The Board is confident in the Group's strategy – supported by proven execution at Adairs and Mocka, a resilient omni-channel model, a loyal customer base and a large addressable market – while recognising that the Focus on Furniture turnaround is early-stage and execution-dependent. The Group is not providing FY27 earnings guidance at this time.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as set out below and elsewhere in this Directors' Report, the directors believe that no significant changes occurred in the Group's state of affairs during the financial year.

- The Group recognised a non-cash impairment of Focus on Furniture goodwill and brand intangibles of $63.5 million in the second half of FY26, reflecting recent trading performance and a reset of the assumptions underpinning the recoverable value of that business. Details, including key assumptions and sensitivities, are set out in Note 10 to the financial statements.
- The Group decided to exit the Adairs New Zealand store network and substantially completed the closure during the period, recognising closure costs of $2.5 million. The Mocka business continues to trade in New Zealand.
- Mocka commenced physical retailing, opening its first store at Maroochydore, Queensland, in June 2026 as part of a deliberate test-and-learn program.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 August 2026, the Directors of Adairs Limited declared a final dividend on ordinary shares in respect of the 2026 financial year. The total amount of the final dividend is $10.7 million, which represents a fully franked final dividend of 6.0 cents per share, payable on 1 October 2026 to holders of fully paid ordinary shares registered on 8 September 2026. The final dividend has not been provided for in the financial report for the 52 weeks ended 28 June 2026.

No other matters or circumstances have arisen since the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental obligations or regulations.
No environmental breaches have been notified to the Group during the 52 weeks ended 28 June 2026.

CLIMATE-RELATED FINANCIAL DISCLOSURES

FY26 is the Group's first reporting period under the mandatory climate-related financial disclosure regime in Part 2M.3 Division 1A of the *Corporations Act 2001*. Section 2.2 of the Group's Sustainability Report, prepared in accordance with AASB S2 *Climate-related Disclosures*, is set out on pages 26 to 38 of this Annual Report, together with the directors' declaration in respect of it. Climate-related governance, strategy, risk management, scenario analysis, metrics and targets are disclosed in the Sustainability Report and are not duplicated in this report.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of Adairs Limited in office at the date of this report are listed below, together with details of their relevant interests in the securities of the Company at this date.

Trent Peterson

Independent Chair, Non-executive Director

Trent has over 25 years of investment and private equity experience, focused primarily on businesses operating in the consumer, retail and media sectors. Trent was Managing Director of Catalyst Investment Managers and the founder and Managing Director of Catalyst Direct Capital Management. Trent was non-executive Chair of Adairs from 2010 until the IPO in 2015, being the period of Catalyst's majority ownership, and re-appointed Chair in September 2024, initially on an interim basis, confirmed April 2025. Trent is also a non-executive director of a number of unlisted companies and not for profit organisations.

Special Responsibilities: Chair of the Nomination Committee; Member of the People and Remuneration Committee; Member of the Audit and Risk Committee

Interest in Adairs Limited shares and options:
1,400,334 ordinary shares (995,000 held directly; 405,334 held indirectly)

Other Current Listed Directorships:
Non-executive director of dusk Group Limited (since February 2015); Non-executive director of Shaver Shop Group Limited (since May 2016 – resigned effective 30 September 2026); Non-executive director of Universal Store Holdings Limited (since September 2018); Non-executive director and Chair of SkinKandy Limited (since May 2026);

Former Listed Directorships in the last 3 years: None

Kiera Grant

Independent Non-executive Director

Kiera has extensive board and senior management experience, having spent 15 years working in investment banking, primarily at UBS. Kiera has extensive financial and strategic assessment knowledge combined with mergers and acquisitions, capital market and corporate governance experience. In addition to being a Non-Executive Director of Adairs Limited, Kiera is a Non-Executive Director of Future Generation Global Investment Company Ltd, and holds a number of unlisted roles including Chair of Hill-Smith Family Estates (incorporating Yalumba Wine Co and Negociants Fine Wine Distributors) and is a non-executive director of Perennial Partners. She is also a Trustee of the Art Gallery of New South Wales Trust.

Special Responsibilities: Chair of the Audit and Risk Committee; Member of the People and Remuneration Committee; Member of the Nomination Committee

Interest in Adairs Limited shares and options:
192,105 ordinary shares

Other Current Listed Directorships:
Non-executive director of Future Generation Global Investment Company Ltd (since March 2018)

Former Listed Directorships in the last 3 years: None

Rachel Kelly

Independent Non-executive Director

Rachel joined the board of Adairs Limited in April 2025 and is a highly experienced executive with a distinguished career in retail and financial technology. She held senior roles at The Just Group, initially as Retail Director and then as Executive Director, before being appointed Global CEO of T2 Tea, where she oversaw the brand's international expansion and market positioning. Most recently, Rachel served as the Executive Vice President of Sales for APAC and Global In-Store at Afterpay. Rachel has a Bachelor of Business Administration from the University of South Australia and is a Graduate of the Australian Institute of Company Directors.

Special Responsibilities: Chair of the People and Remuneration Committee; Member of the Audit and Risk Committee; Member of the Nomination Committee; Member of the Business Unit Advisory Committee for Mocka

Interest in Adairs Limited shares and options:
33,735 ordinary shares

Other Current Listed Directorships: None

Former Listed Directorships in the last 3 years: None

David MacLean

Non-executive Director

David was the Chief Executive Officer and Managing Director of Adairs for 14 years from 2002 to 2016, having previously held the role of General Manager from 1989 to 2002. David now runs his family investment office and holds minority interests in a number of retail businesses.

Special Responsibilities: Member of the Nomination Committee; Member of the People and Remuneration Committee; Member of the Business Unit Advisory Committee for Focus on Furniture

Interest in Adairs Limited shares and options:
3,316,216 ordinary shares (held indirectly)

Other Current Listed Directorships:
Non-executive director of Universal Store Holdings Limited (since October 2019)

Former Listed Directorships in the last 3 years:
Non-executive director of dusk Group Limited (until October 2025)

John Batistich

Independent Non-executive Director

John joined the board of Adairs Limited in May 2026 and is a highly experienced retail, marketing and digital executive and company director with more than 25 years' experience across leading consumer and retail businesses. He has held senior leadership roles with Scentre Group (Westfield), and previously held roles with major international consumer companies including PepsiCo, Kimberly-Clark and Mars Incorporated. John holds a number of board and advisory roles across retail, consumer and technology-related businesses and brings deep expertise in customer strategy, brand development, digital transformation and omni-channel retailing.

Special Responsibilities: Member of the Audit and Risk Committee; Member of the People and Remuneration Committee; Member of the Nomination Committee

Interest in Adairs Limited shares and options:
23,809 ordinary shares

Other Current Listed Directorships:
Non-executive director of McPherson's Limited (from November 2025)

Former Listed Directorships in the last 3 years:
Non-executive director of Zip Co Limited (until November 2024)

Elle Roseby

Managing Director and Group Chief Executive Officer

Elle joined Adairs Limited as Managing Director and Group Chief Executive Officer in January 2025 and is a highly experienced retailer, having led some of Australia's largest and most successful retailers including Country Road/Trenery (as Managing Director), Supré, part of the Cotton On Group (as General Manager), and Sportsgirl (as CEO). She is a passionate advocate for creativity and progress, with a reputation for developing positive and results-oriented cultures, while optimising and evolving brands for success. Elle is Chair of the RMIT School of Fashion Industry Advisory Group.

Special Responsibilities: Managing Director and Group Chief Executive Officer; Member of the Nomination Committee

Interest in Adairs Limited shares and options:
50,822 ordinary shares and 312,313 performance rights

Other Current Listed Directorships:
None

Former Listed Directorships in the last 3 years:
None

COMPANY SECRETARY

Matthew Edmonds and Eryl Baron are Joint Company Secretaries. Matthew Edmonds is also Group Chief Financial Officer, having joined the Group on 9 February 2026 and was appointed Company Secretary on 13 March 2026, bringing more than 20 years' finance leadership experience across Coles Group, Tesco plc and other international retailers. Eryl Baron, of MUFG Corporate Governance, was appointed Joint Company Secretary on 23 April 2026 and is the person responsible for communications between the Company and ASX for the purposes of Listing Rule 12.6. Eryl has more than 20 years' experience as a Company Secretary and Governance Advisor. She holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Jamie Adamson and Ashley Gardner resigned as Joint Company Secretaries on 13 March 2026.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Board of Directors and each Board Committee held during the 2026 financial year and the number of meetings attended by the members of the Board or the relevant Committee.

	BOARD		AUDIT & RISK		NOMINATION		PEOPLE & REMUNERATION	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Trent Peterson	11	11	4	4	1	1	5	5
Kiera Grant	11	11	4	4	1	1	5	5
David MacLean	11	11	–**	–**	1	1	5	5
Rachel Kelly	11	11	4	4	1	1	5	5
Elle Roseby	11	11	–*	–*	1	1	–*	–*
John Batistich‡	1	1	1	1	1	1	1	1

Held: Number of meetings held while a Director was a member of the Board or Committee. **Attended:** Number of meetings attended.

* Elle Roseby is not a member of the Audit & Risk Committee or the People & Remuneration Committee. She attended all four Audit & Risk Committee meetings and all five People & Remuneration Committee meetings by invitation.

** David MacLean is not a member of the Audit & Risk Committee. He attended all four Audit & Risk Committee meetings by invitation.

‡ John Batistich was appointed as an Independent Non-Executive Director on 25 May 2026. Meetings shown are those held from the date of his appointment.

David MacLean and Rachel Kelly are members of the Business Unit Advisory Committees for Focus on Furniture and Mocka respectively. The Business Unit Advisory Committees exist with a purpose to monitor and support management to improve business unit performance and do not operate as a sub-committee of the Board.

NON-AUDIT SERVICES

The Group may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid to the auditor, Ernst & Young Australia, for audit and non-audit services provided during the year are set out in Note 27 of the financial statements.

The directors are satisfied that the provision of non-audit services is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services provided did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure that they do not impact the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence as set out in APES 110 – Code of Ethics for Professional Accountants.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 77.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are currently no proceedings on behalf of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all the directors and executive officers against loss, cost, damage, expense or other liability suffered or incurred by the directors as officers of the Company. The indemnity does not extend to indemnify the director:

a. in bringing or prosecuting any claim, unless the claim is a claim in the nature of a cross-claim or third-party claim for contribution or indemnity in, and results directly from, any proceedings in respect of which the directors have made a claim under the indemnity;
b. in connection with any proceedings between the directors and the director's appointee or any related body corporate of the appointer (within the meaning of section 50 of the *Corporations Act 2001*) or their respective insurers; or
c. to the extent that the amount of the claim under the indemnity is increased as a result of failure of the director to comply with their obligations under the indemnity agreement.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Adairs Limited against legal costs incurred in defending proceedings for conduct other than:

a. a wilful breach of duty;
b. a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Under the terms of the policy, the total amount of insurance contract premiums paid cannot be disclosed.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING

The amounts contained in the financial report have been rounded to the nearest $1,000 (when rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations *(Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

REMUNERATION REPORT (AUDITED)

The directors of Adairs Limited (the "Company" or the "Group") present the Remuneration Report for the Group for the 52 week period ended 28 June 2026 ("FY26"). This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

This report sets out the remuneration arrangements for the Group's key management personnel (KMP) who served during all or part of FY26, listed in the table below. KMP are referred to as either non-executive directors or senior executives (executive directors and other KMP). The Group Chief Executive Officer (CEO) and Managing Director and the Group Chief Financial Officer (CFO) remain the only senior executives meeting the KMP definition.

Unless indicated otherwise, all non-executive directors and senior executives held their positions for the entire reporting period:

NAME	POSITION
Non-executive directors	
Trent Peterson	Independent, non-executive chair
Kiera Grant	Independent, non-executive director
David MacLean	Non-independent, non-executive director
Rachel Kelly	Independent, non-executive director
John Batistich	Independent, non-executive director (appointed: 25 May 2026)
Executive directors	
Narelle (Elle) Roseby	Group Chief Executive Officer and Managing Director
Other key management personnel	
Matthew Edmonds	Group Chief Financial Officer (appointed: 9 February 2026)
Ashley Gardner	Group Chief Financial Officer (resigned: 13 March 2026)

CONTENTS

SECTION 1: REMUNERATION OVERVIEW

The Board remains focused on creating and delivering sustained shareholder value, executing the Group's growth strategy, and selectively pursuing growth opportunities that carry appropriate, risk-adjusted returns. Critical to this is a robust remuneration framework – one that supports sustainable growth through the engagement, development and retention of key talent. The outcomes in this report reflect how the Board rewarded non executive directors and senior executives for FY26 performance, while holding the Board and executive team accountable for shareholder value.

In this report, KMP include all non-executive directors of the Board, as well as the Group Chief Executive Officer and Managing Director and Group Chief Financial Officer.

Group Chief Financial Officer transition

On 10 November 2025, it was announced that Ashley Gardner would resign as Group Chief Financial Officer, ceasing employment on 13 March 2026. In accordance with the terms of the respective schemes, Mr Gardner was not awarded an STI in FY26 and all performance rights previously issued under historical LTI tranches were forfeited.

Following a search process, the Board announced the appointment of Matthew Edmonds as Group Chief Financial Officer, commencing 9 February 2026. Details of the material remuneration terms of his employment contract are as follows:

TERM	DETAIL
Term	No fixed term. Ongoing until terminated in accordance with the employment agreement.
Fixed remuneration	$625,000 (including superannuation)
Short-term incentive (STI)	Annual maximum STI opportunity of $375,000 for FY26, pro-rated to $125,000 in FY26 to reflect part-year service.
Long-term incentive (LTI)	Eligible to participate from FY27. Expected annual LTI target opportunity of $375,000.
Termination of employment	Either party may terminate the employment agreement by giving six months' notice. The Company may require Mr Edmonds to remain employed during the notice period or elect to pay in lieu of notice (or a combination of both). The Company may also terminate the employment at any time without notice for serious misconduct.
Post-employment restraints	Non-compete and non-solicitation restrictions apply for up to six months post-employment. Confidentiality obligations continue following cessation of employment.

Remuneration outcomes for FY26 in this report reflect the period until Ashley Gardner ceased to be a KMP from 13 March 2026 and Matthew Edmonds commenced as a KMP from 9 February 2026.

SECTION 2:
REMUNERATION STRATEGY AND POLICY

The Board believes that attracting, engaging and retaining skilled, culturally aligned leaders is a genuine competitive advantage and fundamental to the Group's long-term success. Building this leadership capability, and the culture that supports it, remains a priority.

An appropriately structured remuneration strategy underpins this high-performance culture and, in turn, drives shareholder returns. The remuneration framework has two components: fixed remuneration, comprising base salary and superannuation; and variable, at-risk incentives, comprising short-term incentives (STIs) and long-term incentives (LTIs). STIs reward performance against annual earnings and strategic execution; LTIs align executives with shareholders over the long term through performance measures such as earnings per share (EPS).

The Group's remuneration framework exists to draw a direct line from strategy to measure to outcome to reward. The Board sets the strategic priorities it expects will create sustainable shareholder value – strengthening Adairs' core performance, scaling Mocka with disciplined returns, turning around Focus on Furniture, and allocating capital effectively across the portfolio – and translates each into measurable objectives. At the end of each performance period, the Board assesses not only what was delivered against these measures, but how – including brand level performance, capital efficiency, risk outcomes and the shareholder experience. Reward is set against this combined assessment, so that remuneration reflects performance delivered, remains aligned to shareholder outcomes, and is not paid for growth achieved at the expense of sustainable returns.

Remuneration can also include other benefits such as loans to acquire shares, tools of trade, study and relocation assistance, and car lease arrangements. The mix varies by role, experience and performance. The Board regards equity ownership as an important mechanism for aligning KMP and shareholder interests, and the People & Remuneration Committee has regard to equity ownership when setting KMP packages.

In considering KMP remuneration arrangements, the People & Remuneration Committee is guided by seven principles:

1. **Simplicity:** Remuneration arrangements should be simple and easily understood by KMP and other stakeholders.
2. **Alignment:** Material components of KMP remuneration – including shareholding, where appropriate – should align KMP and shareholder interests.
3. **Sustainability:** Arrangements should be sustainable and withstand independent scrutiny and tests of precedent and transparency.
4. **Competitive:** Taken as a whole and having regard to individual circumstances including risk and opportunity, arrangements should be competitive with comparable roles.
5. **Risk aware:** Arrangements should manage key risk exposures – loss of an individual, retention of intellectual property and skills, replacement risk, poaching risk, and succession planning.
6. **Company first:** The Group builds systems, policies and team depth to reduce reliance on any one individual and responds to changes in circumstances or market conditions in a measured, sustainable way.
7. **Reward for outcomes and performance:** The Group identifies the outcomes that drive sustainable value creation (or protection) and rewards the executives who most directly influence them.

The Board and the People & Remuneration Committee also weigh the alignment between the Group's values, strategy and remuneration approach, and remain mindful that any material breach of environmental, social or governance (ESG) principles has direct implications for executive remuneration.

SECTION 3:
ROLE OF THE PEOPLE & REMUNERATION COMMITTEE AND EXTERNAL ADVISERS

The People & Remuneration Committee assists the Board in fulfilling its governance and oversight responsibilities for the Group's people strategy – remuneration, performance measurement and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

The Committee works with the Group CEO on employment terms for individuals or groups of individuals as needed and undertakes an annual review of the Group's remuneration strategy and policy to confirm alignment with the Group's strategy, governance standards and regulatory requirements.

The Committee reviews and recommends to the Board the remuneration arrangements for the Group CEO, Group CFO, Brand CEO's and other senior executives, and sets the policy for non-executive director remuneration. It reviews KMP arrangements annually against the remuneration policy, external practice, market expectations and conditions and regulatory standards, and reviews individual arrangements where circumstances change materially – including the CFO transition described in Section 1. The Committee obtains independent external remuneration advice where appropriate.

The Committee considers external remuneration data and the practices of an appropriate peer group, including comparable ASX listed specialty retailers, to ensure remuneration remains competitive and supports the attraction and retention of key talent. Benchmarking is considered alongside the scope and complexity of each role, individual experience and performance, internal relativities and the Group's strategic requirements. This balanced approach enables the Committee to make informed remuneration decisions that align executive and shareholder interests.

No remuneration consultants or external advisers provided remuneration recommendations during FY26.

SECTION 4:
COMPANY PERFORMANCE – RELATIONSHIP BETWEEN FINANCIAL PERFORMANCE AND REMUNERATION

Senior executive remuneration is directly linked to the Group's performance. The FY26 STI scheme is based on pre-determined performance criteria and targets: for KMP, the primary condition is the Group's Underlying EBIT; for business-unit leadership teams, it is the Underlying EBIT of the relevant business unit. The FY26 LTI plan offers performance rights subject to both performance and service conditions, summarised in Section 5.

The table below shows the Group's financial performance over the five years from FY22 to FY26.

CONTINUING OPERATIONS	FY26 PERFORMANCE	FY25 PERFORMANCE	FY24 PERFORMANCE[3]	FY23 PERFORMANCE	FY22 PERFORMANCE[2]
Sales ('000)	$641,747	$618,092	$594,356	$621,335	$564,476
Underlying EBIT ('000) [1]	$55,002	$55,207	$57,628	$63,892	$76,382
Net (loss) / profit before tax ('000)	($38,950)	$36,442	$44,402	$54,203	$64,609
Net (loss) / profit after tax ('000)	($39,378)	$25,682	$31,090	$37,843	$44,890
Share price at end of year	$1.38	$2.11	$1.84	$1.35	$1.98
Dividends paid per share	11.5 cents	10.5 cents	12.0 cents	8.0 cents	18.0 cents
Basic (loss) / earnings per share	(22.2) cents	14.6 cents	17.9 cents	22.0 cents	26.4 cents

1. Underlying EBIT refers to net profit before tax, less net finance expenses and other significant items deemed by the Board (including the impact of AASB 16 Leases).
2. FY22 performance includes Focus on Furniture for 30 weeks and is therefore not entirely comparable to other periods.
3. FY24 was a 53-week financial year for statutory purposes and is therefore not entirely comparable to 52-week financial years.

SECTION 5:
SENIOR EXECUTIVE REMUNERATION STRUCTURE

Senior executives are remunerated under a total reward structure of three elements:

- Fixed remuneration, comprising base salary and superannuation contributions;
- Short-term incentives (STI); and
- Long-term incentives (LTI).

The mix between fixed and at-risk components reflects the seniority of the role, its accountability for driving business performance, and its responsibility for developing and executing strategy.

The mix of fixed, STI and LTI elements as a percentage of total target remuneration for FY26 was as follows:

Figure 1: Remuneration mix – % of total target remuneration for FY26

SENIOR EXECUTIVE	FIXED REMUNERATION	AT RISK – STI MAXIMUM OPPORTUNITY	AT RISK – LTI (FY26 TRANCHE)[1,2]
Elle Roseby	40%	25%	35%
Matthew Edmonds	65%	35%	0%
Ashley Gardner	56%	44%	0%

1. Performance rights vest subject to service and performance conditions as set out below.
2. Due to the timing of Ashley Gardner's resignation and Matthew Edmonds' commencement, both individuals were not offered an LTI in FY26.

FIXED REMUNERATION

Fixed remuneration comprises base salary and employer superannuation contributions in line with statutory obligations. KMP base salaries are reviewed annually by the People & Remuneration Committee, with recommendations made to the Board; any change is usually effective from the start of the new financial year. No senior executive's service contract guarantees a salary increase. Salaries are benchmarked against comparable roles in similarly sized ASX-listed specialty retailers, having regard to the executive's performance, business performance, and other relevant factors – an assessment that is both quantitative and subjective.

SHORT-TERM INCENTIVES (STI)

The STI scheme aligns senior executive reward with performance targets tied to delivering and protecting shareholder value. The Group CEO and other eligible senior executives are provided with a maximum annual STI opportunity, expressed as a dollar amount or percentage of fixed remuneration.

An award is first conditional on the Group achieving a minimum level of Underlying EBIT; if that benchmark is not met, no STI is payable to any senior executive absent Board discretion (exercised rarely). Where the benchmark is met, individual awards are set having regard to individual contribution and continuing service, as follows:

CONDITION	EXPLANATION
Performance conditions	
Group Underlying EBIT for the financial year	At the start of each financial year, the Board sets Underlying EBIT targets with reference to the annual budget, prior-year results, and its assessment of risks and opportunities. In FY26, the targets were a tiered structure, with each tier carrying a prescribed percentage of an individual's maximum STI opportunity. In FY27, there will be a minimum and maximum threshold, with payout based on a straight-line pro-rata of an individual's maximum STI opportunity. The People & Remuneration Committee may adjust targets for significant unbudgeted changes.
Individual contribution	The People & Remuneration Committee's assessment of the executive's value-adding performance against individual KPIs.
Continuing service condition	On the STI payment date (typically September each year), the executive must remain employed – and not be under notice or suspension – or no STI is paid, subject to Board discretion.

At the conclusion of the financial year, the People & Remuneration Committee assesses achievement against these conditions and determines each senior executive's STI award, if any.

STI outcomes for FY26

Underlying EBIT remains the Board's primary measure of Group performance for STI purposes. It is a well understood measure and is consistently tracked, measured and reported on. The Board retains discretion to normalise targets or outcomes where highly unusual market events arise, exercised only in compelling circumstances.

At the start of FY26, the Board set a minimum Underlying EBIT benchmark of $58.0 million and a maximum benchmark of $64.0 million, with the FY26 budget as approved by the Board being the primary input. The Underlying EBIT outcome for FY26 did not meet the minimum benchmark, therefore no STI was awarded to senior executives.

TIER	FY26 UNDERLYING EBIT BENCHMARK	IMPLIED GROWTH ON FY25	INCENTIVE AS % OF MAXIMUM
Bottom Tier	$58.0 million	+5.1%	20%
Mid Tier	$61.0 million	+10.5%	50%
Top Tier	over $64.0 million	≥15.9%	100%

Figure 2: FY26 STI paid and forfeited – senior executives

SENIOR EXECUTIVE	MAXIMUM STI	ACTUAL STI AWARDED	ACTUAL STI AS % OF MAXIMUM	% OF MAXIMUM FORFEITED
Elle Roseby	$600,000	$0	0%	100%
Matthew Edmonds[1]	$125,000	$0	0%	100%
Ashley Gardner	$440,000	$0	0%	100%

1. Matthew Edmonds' annual maximum STI of $375,000 was pro-rated to $125,000 in FY26 to reflect his part-year service from his commencement date.

STI arrangements for FY27

For FY27, the Board has replaced the tiered STI structure with straight-line vesting between a minimum performance threshold and a maximum target, so that incremental improvements in Underlying EBIT generate proportionate, rather than stepped, reward. The minimum preserves a meaningful gateway below which no STI is payable; the maximum rewards performance materially exceeding budget. This sharpens the line of sight between performance and reward while avoiding short-term decisions aimed at clearing a particular threshold. Individual strategic objectives and the Board's assessment of risk, conduct and earnings quality continue to inform the outcome, consistent with FY26.

Figure 3 sets out the maximum FY27 STI opportunity for each senior executive. The FY27 STI plan for KMP will again be predominantly based on Underlying EBIT, with individual KPI measures and service conditions consistent with FY26.

Figure 3: FY27 remuneration opportunities

SENIOR EXECUTIVE	FIXED REMUNERATION	MAXIMUM STI OPPORTUNITY FOR FY27	MAXIMUM STI AS % OF FIXED REMUNERATION
Elle Roseby	$970,000	$650,000	67%
Matthew Edmonds	$625,000	$375,000	60%

LONG-TERM INCENTIVE (LTI)

The LTI plan is offered to senior executives to motivate, retain and reward them over the longer term, reflecting the Board's view that equity ownership is an important way to align KMP and shareholder interests and focus performance on sustainable long-term value creation. Awards take the form of performance rights, consistent with peer ASX listed retailers. Performance conditions focus on outcomes within management's reasonable control – such as earnings per share (EPS) – expected to correlate strongly with shareholder value creation over the long term. Rights carry no dividend or voting entitlement and shares issued on vesting rank equally with other ordinary shares in all respects.

LTI vesting during FY26

The performance rights granted in FY24 had a three-year performance period (FY24–FY26) and a service condition ending on 28 June 2026, tested against the Group's diluted EPS for FY26. The outcome for KMP holders was as follows:

LTI TRANCHE (GRANT YEAR)	PERFORMANCE CONDITION	CONDITION MET	PROPORTION OF TARGET LTI (%)	% OF LTI THAT VESTED
FY24	Diluted earnings per share	No	100%	0%

LTI grants during FY26

During FY26, Elle Roseby was granted performance rights under the FY26 LTI tranche. Ashley Gardner and Matthew Edmonds were not granted an LTI in FY26 due to the timing of their respective employment resignation and commencement.

Each performance right entitles the holder to receive an ordinary share for nil consideration, subject to performance and service conditions, and carries no voting or dividend entitlement prior to exercise.

The performance period is the three financial years FY26–FY28 (being 30 June 2025 to 25 June 2028). A service condition also applies, ending on the same date unless the Board determines otherwise. On vesting, each right entitles the holder, at the Board's discretion, to:

- one fully paid ordinary share, by issue or transfer; or
- a cash payment equal to the market value of an ordinary share at vesting, less required tax withholding and inclusive of any statutory superannuation contribution.

Performance conditions

Long-term EPS performance is, in the Board's view, a reliable measure of executive performance and a primary driver of shareholder value creation; a three-year condition encourages executives to prioritise initiatives that improve operational efficiency, cost control and revenue growth. A threshold level of EPS performance must be met for any rights to vest, based on diluted EPS – net profit attributable to ordinary equity holders for FY28, divided by the weighted average number of ordinary shares outstanding (including those issuable under existing LTI plans).

DILUTED EPS IN FY28	IMPLIED 3-YEAR CAGR (FY25 DILUTED EPS OF $0.144)	% OF PERFORMANCE RIGHTS THAT VEST
Less than $0.26	Less than +21.8%	Nil
From $0.26 to $0.34	Between +21.8% to +33.2%	Straight-line pro rata, 30% to 100%
At or above $0.34	At or above +33.2%	100%

Achievement is tested against the Group's audited financial statements, adjusted for any abnormal items as determined by the Board. The Board retains discretion to adjust EPS where it considers this appropriate.

Service condition

Rights are also subject to a service condition: participants must remain employed full-time by, and must not have given notice of resignation from, the Group at the vesting date.

Treatment on cessation of employment

Where a senior executive ceases employment for cause or by resignation, unvested rights lapse unless the Board determines otherwise. The Board may, typically for a 'good leaver', allow a pro-rata portion of unvested rights (based on the elapsed performance period) to remain on foot, subject to the original conditions. The Board retains absolute discretion under the LTI plan rules to vest or lapse some or all rights in any circumstance.

Treatment on change of control

On a change of control, the Board may determine how unvested rights are treated, including vesting, lapsing, or remaining on foot. Absent a Board determination, unvested rights vest on a pro-rata basis to time elapsed in the performance period.

SERVICE AGREEMENTS

Adairs Holdings Australia Pty Ltd (ACN 128 275 838), a wholly owned subsidiary of the Company (Adairs Holdings), holds service agreements with Elle Roseby and Matthew Edmonds formalising their remuneration and employment terms, and held a service agreement with Ashley Gardner until his resignation during FY26. Each agreement provides for fixed remuneration, performance-related incentives and other benefits.

Agreements are ongoing until terminated by either party on six months' notice, with Adairs Holdings able to pay in lieu of notice, or terminate immediately without notice for serious misconduct. The Corporations Act restricts termination benefits payable to KMP on cessation of employment unless shareholder approval is obtained.

The service agreements contain restraint periods placing non-compete and non-solicitation restrictions on the senior executive for a period of either six months (Matthew Edmonds and Ashley Gardner) or 12 months (Elle Roseby). Ashley Gardner's service agreement also allowed the Board to extend the restraint period by up to a further six months by notice subject to paying a further amount for each additional month – which was not enacted following his resignation in FY26. No contracted retirement benefits are in place with any senior executive.

SECTION 6:
NON-EXECUTIVE DIRECTORS REMUNERATION STRUCTURE

Overview

The Company's remuneration strategy for non-executive directors is designed to attract and retain experienced, qualified directors and to remunerate them appropriately for the demands and responsibilities of the role. Fee levels are reviewed annually by the People & Remuneration Committee, benchmarked against comparable non-executive director roles at similarly sized ASX listed retailers.

Non-executive director fees

Non-executive director fees are set within an aggregate fee pool approved by shareholders. The current pool, of up to $800,000 per annum, was approved at a general meeting on 20 October 2021.

The non-executive director fees (inclusive superannuation) payable for each Board position is as follows:

	CHAIR	DIRECTOR/ MEMBER
Director of Adairs Limited (Company)	$200,000[1]	$90,000
Audit & Risk Committee	$12,000[2]	$4,000
People & Remuneration Committee	$5,000[3]	$2,000
Nomination Committee	–	–
Business unit advisory committees[4]	–	$30,000

1. The Chair of the Company receives no further remuneration for additional committee participation.
2. Fee for the Chair of the Audit & Risk Committee to be increased to $15,000 for FY27.
3. Fee for the Chair of the People & Remuneration Committee to be increased to $10,000 for FY27.
4. Business unit advisory committees relate to Mocka and Focus on Furniture.

Selected non-executive directors sit on the business unit advisory committees ("BUAC") to support group executives in executing strategy and strengthening governance and oversight at smaller group businesses that need more operational focus by helping to elevate their approach to strategy, reporting, and risk management. The business unit CEOs continue to report to and are accountable to the Group CEO.

Non-executive directors may be reimbursed for travel and other expenses incurred on Company business, and may receive additional or special remuneration for services outside ordinary director duties. There are no retirement benefit schemes for non-executive directors beyond statutory superannuation, and non-executive directors do not receive shares, performance rights or options as remuneration.

The non-executive directors held the following Board and committee positions during FY26, unless otherwise stated:

NAME	CHAIR OF ADAIRS LIMITED	AUDIT & RISK	PEOPLE & REMUNERATION	NOMINATION	BUSINESS UNIT ADVISORY COMMITTEES
Trent Peterson	Chair	Member	Member	Chair	–
Kiera Grant	–	Chair	Member	Member	–
Rachel Kelly	–	Member	Chair[2]	Member	Member – Mocka
David MacLean	–	–	Member	Member	Member – Focus on Furniture[3]
John Batistich[1]	–	Member	Member	Member	–

1. John Batistich was appointed as a non-executive director on 25 May 2026.
2. Rachel Kelly was appointed as Chair of the People & Remuneration Committee on 1 July 2025. Prior to this date the Chair was Trent Peterson for the previous reporting period.
3. David MacLean voluntarily waived 50% of his business unit advisory committee fee for FY26.

SECTION 7:
KMP DISCLOSURES:

Loans with the Company

During FY20, the Group provided Ashley Gardner an interest-free, non-recourse loan of $750,000 to acquire shares in the Company. Proceeds from any sale of the shares were required to be applied to repay the loan, which was also repayable if Mr Gardner ceased employment. As a condition of the loan, Mr Gardner invested a further $250,000 of personal funds, taking the combined investment to $1,000,000, with 572,300 shares purchased on-market at an average price of $1.75. Up to 55% of the loan was to be progressively forgiven, subject to continued employment, as follows:

	FORGIVENESS AMOUNT
14 August 2022	$93,750
14 August 2023	$93,750
14 August 2024	$56,250
14 August 2025	$56,250
14 August 2026	$56,250
14 August 2027	$56,250

As Mr Gardner ceased employment during FY26, the loan became immediately repayable in accordance with its terms. Mr Gardner repaid it by selling shares worth the outstanding loan amount (at their original cost) and paying the Company their current market value in cash – $372,000.

The non-recourse nature of the loan, and the potential for forgiveness, gave rise to a benefit treated as a share-based payment, measured at fair value at grant date. As the vesting date was treated as the grant date, the full cost was recognised in FY20 and no further share-based payment expense had been recognised in any subsequent year prior to his resignation.

Other KMP disclosures

Other than as disclosed in this Remuneration Report, no KMP (or their respective close family members or an entity over which they have control or significant influence) has entered into any transaction with a subsidiary of the Group during the reporting period, other than transactions that occur within a normal employee, customer or supplier relationship, on arm's length terms and that are trivial or domestic in nature.

SECTION 8: DETAILS OF REMUNERATION

FY26: Details of the remuneration of the Directors and KMP of the Company for the current financial year are set out below.

52 WEEKS ENDED 28 JUNE 2026	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		OTHER LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	
IN AUD	CASH SALARY AND FEES	STI CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	OTHER			LTI	TOTAL
Non–executive Directors									
Trent Peterson	$200,000	–	–	–	–	–	–	–	$200,000
Kiera Grant	$92,857	–	–	$11,143	–	–	–	–	$104,000
Rachel Kelly	$115,179	–	–	$13,821	–	–	–	–	$129,000
David MacLean	$95,536	–	–	$11,464	–	–	–	–	$107,000
John Batistich[1]	$7,984	–	–	$958	–	–	–	–	$8,942
Total non–executive Directors	**$511,556**	–	–	**$37,386**	–	–	–	–	**$548,942**
Executive Directors									
Elle Roseby	$920,000	–	–	$30,000	–	–	–	$47,081	$997,081
Other Senior Executives									
Matthew Edmonds[2]	$217,404	–	–	$11,539	–	–	–	–	$228,943
Ashley Gardner[3]	$384,615	–	–	$22,501	–	–	–	($42,095)	$365,021
Total executives	**$1,522,019**	–	–	**$64,040**	–	–	–	**$4,986**	**$1,591,045**
Total	**$2,033,575**	–	–	**$101,426**	–	–	–	**$4,986**	**$2,139,987**

1. John Batistich was appointed a non-executive director on 25 May 2026.
2. Matthew Edmonds was appointed Group CFO on 9 February 2026.
3. Ashley Gardner resigned as Group CFO and ceased to be a KMP on 13 March 2026.

FY25: Details of the remuneration of the Directors and KMP of the Group for the previous financial year are set out below.

52 WEEKS ENDED 29 JUNE 2025	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		OTHER LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	
IN AUD	CASH SALARY AND FEES	STI CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	OTHER			LTI	TOTAL
Non-executive Directors									
Trent Peterson	$179,967	–	–	–	–	–	–	–	$179,967
Kiera Grant	$89,345	–	–	$10,275	–	–	–	–	$99,620
Rachel Kelly[1]	$18,026	–	–	$2,073	–	–	–	–	$20,099
David MacLean	$82,511	–	–	$9,489	–	–	–	–	$92,000
Kate Spargo[2]	$39,669	–	–	–	–	–	–	–	$39,669
Total non-executive Directors	**$409,518**	–	–	**$21,837**	–	–	–	–	**$431,355**
Executive Directors									
Elle Roseby[3]	$389,260	$137,500	$13,145	$12,664	–	–	–	–	$552,569
Mark Ronan[4]	$451,283	$240,000	–	$19,295			$271,488	($44,242)	$937,824
Other Senior Executives									
Ashley Gardner	$520,079	–	–	$29,932	–	–	–	$26,204	$576,215
Total executives	**$1,360,622**	$377,500	$13,145	**$61,891**	–	–	$271,488	**($18,038)**	**$2,066,608**
Total	**$1,770,140**	$377,500	$13,145	**$83,728**	–	–	$271,488	**($18,038)**	**$2,497,963**

1. Rachel Kelly was appointed a non-executive director on 14 April 2025.
2. Kate Spargo resigned as a non-executive director on 11 September 2024.
3. Elle Roseby was appointed as an executive director on 22 January 2025. Other non-monetary benefits relate to executive coaching.
4. Mark Ronan resigned as an executive director and ceased to be a KMP on 20 February 2025; the termination benefits figure reflects payment in lieu of notice for the period to 6 July 2025, when he ceased to be an employee.

Shareholdings of Key Management Personnel

The following table details ordinary shareholdings and movements for KMP (including related entities) during FY26.

NO. OF SHARES	BALANCE AS AT 29 JUNE 2025	GRANTED AS REMUNERATION	RECEIVED ON THE EXERCISE OF OPTIONS	OTHER NET CHANGE[1]	CEASING TO BE A KMP	BALANCE AS AT 28 JUNE 2026
Non-executive Directors						
Trent Peterson	1,400,334	–	–	–	–	1,400,334
Kiera Grant	182,457	–	–	9,648	–	192,105
Rachel Kelly	–	–	–	33,735	–	33,735
David MacLean	3,316,216	–	–	–	–	3,316,216
John Batistich[1]	–	–	–	23,809	–	23,809
Executive Directors						
Elle Roseby	40,322	–	–	10,500	–	50,822
Other Senior Executives						
Matthew Edmonds[2]	–	–	–	–	–	–
Ashley Gardner[3]	572,300	–	–	–	572,300	–

1. John Batistich was appointed as a non-executive director on 25 May 2026. His initial ordinary shareholding upon appointment was 23,809.
2. Matthew Edmonds was appointed Group CFO on 9 February 2026.
3. Ashley Gardner resigned as Group CFO and ceased to be a KMP on 13 March 2026. Upon ceasing as a KMP, 257,152 shares were sold to settle his non-recourse loan with the Company (refer to Section 7).

Performance rights issued to key management personnel

The following table discloses the details of unexpired performance rights awarded to KMP in FY26 and prior reporting periods.

NAME	GRANT DATE	QTY GRANTED AT GRANT DATE	BALANCE AT START OF YEAR	AVG FAIR VALUE PER RIGHT AT GRANT DATE	NO. GRANTED DURING YEAR	NO. VESTED DURING YEAR
Non-executive Directors						
Trent Peterson	–	–	–	–	–	–
Kiera Grant	–	–	–	–	–	–
Rachel Kelly	–	–	–	–	–	–
David MacLean	–	–	–	–	–	–
John Batistich[1]	–	–	–	–	–	–
Executive Directors						
Elle Roseby	22 Oct 2025	312,313	–	$2.01	312,313	–
Other Senior Executives						
Matthew Edmonds[2]	–	–	–	–	–	–
Ashley Gardner[3]	24 Nov 2023	343,750	343,750	$1.18	–	–
	4 Nov 2024	261,905	261,905	$2.14	–	–

1. John Batistich was appointed as a non-executive director on 25 May 2026.
2. Matthew Edmonds was appointed Group CFO on 9 February 2026.
3. Ashley Gardner resigned as Group CFO and ceased to be a KMP on 13 March 2026.

Performance rights holdings and movements

The following table details performance rights holdings and movements for KMP (including related entities) for FY26.

TYPE	BALANCE AS AT 29 JUNE 2025	GRANTED	EXERCISED	FORFEITED	LAPSED	CEASING TO BE A KMP	BALANCE AS AT 28 JUNE 2026	VESTED %	VESTED AND EXERCISABLE
Non-executive Directors									
Trent Peterson	–	–	–	–	–	–	–	–	–
Kiera Grant	–	–	–	–	–	–	–	–	–
Rachel Kelly	–	–	–	–	–	–	–	–	–
David MacLean	–	–	–	–	–	–	–	–	–
John Batistich[1]	–	–	–	–	–	–	–	–	–
Executive Directors									
Elle Roseby	–	312,313	–	–	–	–	312,313	–	–
Other Senior Executives									
Matthew Edmonds[2]	–	–	–	–	–	–	–	–	–
Ashley Gardner[3]	605,655	–	–	605,655	–	–	–	–	–

1. John Batistich was appointed as a non-executive director on 25 May 2026.
2. Matthew Edmonds was appointed Group CFO on 9 February 2026.
3. Ashley Gardner resigned as Group CFO and ceased to be a KMP on 13 March 2026.

For details of the valuation of share options and performance rights, including models and assumptions used, refer to Note 25 in the financial statements.

VESTED IN YEAR %	NO. LAPSED/ FORFEITED DURING YEAR	NO. EXERCISED DURING YEAR	CEASING TO BE A KMP	BALANCE AT END OF YEAR	EXERCISE PRICE ($)	VESTING DATE	EXPIRY DATE
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	312,313	–	25 Jun 2028	25 Jun 2028
–	–	–	–	–	–	–	–
–	343,750	–	–	–	–	28 Jun 2026	28 Jun 2026
–	261,905	–	–	–	–	27 Jun 2027	27 Jun 2027

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the directors.

On behalf of the Board

Trent Peterson
Independent Chair
Non-Executive Director

Elle Roseby
Managing Director
Group Chief Executive Officer

Melbourne
24 August 2026

adairs

ANNUAL FINANCIAL REPORT

FOR THE 52 WEEKS ENDED 28 JUNE 2026

ADAIRS LIMITED

ABN 50 147 375 451

CONTENTS

AUDITOR'S INDEPENDENCE DECLARATION

Shape the future
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Auditor's independence declaration to the directors of Adairs Limited

As lead auditor for the audit of the financial report of Adairs Limited and for the review of the selective sustainability information in the sustainability report for the 52 weeks ended 28 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of *the Corporations Act 2001* in relation to the audit and review;

b. No contraventions of any applicable code of professional conduct in relation to the audit and review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit and review.

This declaration is in respect of Adairs Limited and the entities it controlled during the financial period.

Ernst & Young

Tony Morse
Partner
24 August 2026

AUDITOR'S INDEPENDENT REPORT

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Independent auditor's report to the members of Adairs Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Adairs Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 28 June 2026, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 52 weeks then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 28 June 2026 and of its consolidated financial performance for the 52 weeks ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Carrying value and existence of inventories

Why significant	How our audit addressed the key audit matter
As at 28 June 2026, the Group held $91.2m in inventories representing 15.9% of total assets. The Group's inventories are held at a number of warehouses and through a widely dispersed store network. Some of the Group's inventories are held at third party managed warehouse facilities. As detailed in Note 2.4(i) and Note 8 of the financial report, inventories are valued at the lower of cost and net realisable value. There is judgement involved in determining the cost of inventories and in assessing net realisable value. In determining the cost of inventories, the Group considers elements relating to handling and packaging costs, as well as freight, duty and exchange rates. Judgements were involved in the process of allocating these costs to inventories. In determining the net realisable value, consideration is given to expectations for future sales based on recent sales history, expected future mark downs and estimated selling costs. Given the significance of the inventory balance and judgement involved in determining the carrying value of inventories, this was considered a key audit matter.	Our audit procedures included the following: ► Assessed the application of inventory costing methodologies, and whether they were consistent with Australian Accounting Standards. ► Assessed the accuracy of the Group's inventory costing model on a sample basis. ► Tested the effectiveness of relevant controls in relation to the stores inventory count process and the Group's inventory costing process. ► Attended stocktakes at a sample of stores and warehouses, at or near 28 June 2026 and performed roll forward procedures to balance date. ► Assessed the basis for inventory provisions recorded by the Group to determine whether inventory was recorded at the lower of cost and net realisable value. ► Considered the impact on inventory provisions of retail sales at or subsequent to 28 June 2026 and compared the selling prices with the carrying value of inventories inclusive of costs necessary to complete the sale. ► Assessed the adequacy of the disclosures in the notes to the financial report.

Carrying value of indefinite life intangible assets

Why significant	How our audit addressed the key audit matter
As at 28 June 2026, 36.3% of the Group's total assets was represented by goodwill and indefinite life brand names recognised from business combinations. As detailed in Note 2.4(m) and Note 10 of the financial report, the goodwill and brand names are tested by the Group for impairment at least annually. These assets are allocated to and tested at the respective Adairs, Mocka and Focus on Furniture (Focus) operating segment levels. The recoverable amounts have been determined based on a value-in-use model referencing discounted cash flow forecasts. This model contains estimates, assumptions and significant judgements regarding future projections and the achievement of those forecasts which are critical to the assessment of impairment, particularly planned growth rates and discount rates. These estimates, assumptions and judgements are based on conditions existing and emerging as at 28 June 2026. Note 10 of the financial report details the assessment method, including the key underlying estimates. The carrying value of intangible assets was considered a key audit matter due to the significance of this balance and the judgements involved in the impairment assessment. The impairment assessment of the Focus segment indicated the carrying value exceeded the recoverable amount. The Group recognised an impairment charge of $63.5m, comprising the full write-down of goodwill and a	Our audit procedures, involving our valuation specialists where necessary, included the following; ► Evaluated whether the Group's determination of its CGUs is in accordance with Australian Accounting Standards, including the consideration of the level at which goodwill and indefinite life brand names is allocated and monitored. ► Assessed the Group's valuation methodology for determining the recoverable amount. ► Performed a comparison of the value-in-use model with the fair value less cost of disposal model for the Focus segment. ► Considered the historical accuracy of the Group's cash flow forecasting process. ► Agreed the forecast cashflows to the Board approved 2027 budget. ► Assessed the key inputs and assumptions, including cashflows, discount rates, revenue growth rates and terminal growth rates adopted in the recoverable amount models.

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Why significant	How our audit addressed the key audit matter
partial impairment of the Focus brand name, as disclosed in Note 10.	► Performed sensitivity analysis on key inputs, assumptions and forecast financial performance to determine whether any reasonably possible change could result in an impairment, and to ascertain the completeness of the impairment charge in the case of the Focus segment. ► Compared earnings multiples derived from the Group's recoverable amount models to those observable from external market data of comparable listed entities, where available. ► Assessed the adequacy of the related disclosures made in the notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 annual report other than the financial report and our auditor's report thereon and the Company's Sustainability Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon in this auditor's report, with the exception of the Remuneration Report and our related assurance opinion. We have issued a separate auditor's report on selective sustainability information included the Sustainability Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

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matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 61 to 75 of the directors' report for the 52 weeks ended 28 June 2026.

In our opinion, the Remuneration Report of Adairs Limited for the 52 weeks ended 28 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Tony Morse
Partner

Melbourne
24 August 2026

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Adairs Limited, we state that:

1. In the opinion of the Directors:
   - the financial statements and notes of Adairs Limited for the 52 weeks ended 28 June 2026 are in accordance with the *Corporations Act 2001,* including:
     - giving a true and fair view of the consolidated entity's financial position as at 28 June 2026 and of its performance for the 52 weeks ended on that date; and
     - complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
     - the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;
     - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
     - the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct.
2. This declaration has been made after receiving the declarations required to be made to the directors by the Group Chief Executive Officer and Group Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the 52 weeks ended 28 June 2026.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 23 of the financial statements will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the board

Trent Peterson
Independent Chair
Non-Executive Director

Elle Roseby
Managing Director
Group Chief Executive Officer

Melbourne

24 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE 52 WEEKS ENDED 28 JUNE 2026

	NOTE	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Revenue from contracts with customers	4(a)	641,747	618,092
Cost of sales		(339,593)	(328,790)
Gross profit		**302,154**	**289,302**
Other income		257	75
Depreciation and amortisation expenses	4(b)	(62,181)	(59,956)
Salaries and employee benefits expenses	4(d)	(123,303)	(117,486)
Occupancy expenses	16	(14,309)	(13,553)
Advertising expenses		(19,896)	(18,044)
Other expenses	4(e)	(38,040)	(25,812)
Impairment of intangibles	10	(63,499)	–
(Loss) / earnings before interest and tax		**(18,817)**	**54,526**
Finance expenses	4(c)	(20,326)	(18,395)
Finance income		193	311
(Loss) / profit before income tax		**(38,950)**	**36,442**
Income tax expenses	5	(428)	(10,760)
(Loss) / profit after income tax		**(39,378)**	**25,682**
Earnings per share attributable to ordinary equity holders of the Parent			
Basic (loss) / earnings per share	22	(22.2) cents	14.6 cents
Diluted (loss) / earnings per share	22	(22.2) cents	14.4 cents

This Consolidated Statement of Profit or Loss should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 28 JUNE 2026

	NOTE	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
(Loss) / profit after income tax		**(39,378)**	**25,682**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss (net of tax):			
Net movement of cash flow hedges		(411)	(5,502)
Income tax relating to the components of other comprehensive income	5	123	1,649
Exchange differences on translation of foreign operations		(1,173)	(27)
Other comprehensive loss for the period, net of tax		**(1,461)**	**(3,880)**
Total comprehensive (loss) / income for the period		**(40,839)**	**21,802**

This Consolidated Statement of Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 JUNE 2026

	NOTE	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	11,389	8,434
Trade and other receivables	7	6,947	8,877
Inventories	8	91,229	96,026
Derivative financial instruments	17	1,742	–
Other assets	7	8,241	9,048
TOTAL CURRENT ASSETS		**119,548**	**122,385**
NON-CURRENT ASSETS			
Property, plant and equipment	9	38,968	39,105
Intangibles	10	215,091	281,693
Right-of-use assets	16	199,802	209,621
Derivative financial instruments	17	20	–
Deferred tax assets	5	624	1,680
Other assets	7	1,114	1,463
TOTAL NON-CURRENT ASSETS		**455,619**	**533,562**
TOTAL ASSETS		**575,167**	**655,947**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	63,443	57,948
Deferred revenue	12	19,496	20,011
Lease liabilities	16	51,739	52,169
Current tax payables		3,627	1,524
Provisions	14	10,172	11,978
Derivative financial instruments	17	5,820	3,589
TOTAL CURRENT LIABILITIES		**154,297**	**147,219**
NON-CURRENT LIABILITIES			
Deferred revenue	12	1,279	1,332
Deferred tax liabilities	5	2,330	15,839
Borrowings	13	59,000	76,000
Lease liabilities	16	179,183	184,272
Provisions	14	7,712	6,074
Derivative financial instruments	17	–	39
TOTAL NON-CURRENT LIABILITIES		**249,504**	**283,556**
TOTAL LIABILITIES		**403,801**	**430,775**
NET ASSETS		**171,366**	**225,172**
EQUITY			
Contributed equity	15(a)	94,954	91,493
Share-based payment reserve	15(b)	2,330	1,935
Cash flow hedge reserve	15(d)	(2,835)	(2,547)
Foreign currency translation reserve	15(c)	(1,607)	(434)
Retained earnings	15(e)	78,524	134,725
TOTAL EQUITY		**171,366**	**225,172**

This Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 28 JUNE 2026

	NOTE	ORDINARY SHARES $'000	SHARE-BASED PAYMENT RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
As at 29 June 2025		**91,493**	**1,935**	**(2,547)**	**(434)**	**134,725**	**225,172**
Loss after tax for the period		–	–	–	–	(39,378)	(39,378)
Other comprehensive loss for the period		–	–	(288)	(1,173)	–	(1,461)
Total comprehensive loss for the period		**–**	**–**	**(288)**	**(1,173)**	**(39,378)**	**(40,839)**
Transactions with owners in their capacity as owners:							
Dividends paid	24	–	–	–	–	(16,823)	(16,823)
Dividend reinvestment plan	15(a)	3,461	–	–	–	–	3,461
Share-based payments	15(b)	–	14	–	–	–	14
Repayment of non-recourse loan		–	372	–	–	–	372
Tax effect of share-based payments		–	9	–	–	–	9
As at 28 June 2026		**94,954**	**2,330**	**(2,835)**	**(1,607)**	**78,524**	**171,366**

	NOTE	ORDINARY SHARES $'000	SHARE-BASED PAYMENT RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
As at 30 June 2024		87,351	2,211	1,306	(407)	132,703	223,164
Profit after tax for the period		–	–	–	–	25,682	25,682
Other comprehensive income / (loss) for the period		–	–	(3,853)	(27)	–	(3,880)
Total comprehensive income / (loss) for the period		**–**	**–**	**(3,853)**	**(27)**	**25,682**	**21,802**
Transactions with owners in their capacity as owners:							
Dividends paid	24	–	–	–	–	(23,660)	(23,660)
Dividend reinvestment plan	15(a)	3,911	–	–	–	–	3,911
Exercise of share options	15(a)	231	(231)	–	–	–	–
Share-based payments	15(b)	–	(5)	–	–	–	(5)
Tax effect of share-based payments		–	(40)	–	–	–	(40)
As at 29 June 2025		**91,493**	**1,935**	**(2,547)**	**(434)**	**134,725**	**225,172**

This Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 28 JUNE 2026

	NOTES	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		705,353	679,750
Payments to suppliers and employees (inclusive of GST)		(575,057)	(568,673)
Interest received		193	311
Income tax paid		(10,639)	(13,467)
Interest paid		(21,668)	(19,226)
Net cash flows from operating activities	6	**98,182**	**78,695**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangibles		(15,636)	(13,450)
Net cash flows used in investing activities		**(15,636)**	**(13,450)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawings of borrowings		73,000	60,000
Repayment of borrowings		(90,000)	(61,000)
Payment of borrowing costs		(147)	(575)
Dividends paid		(13,362)	(19,749)
Payment of principal portion of lease liabilities		(48,954)	(48,331)
Net cash flows used in financing activities		**(79,463)**	**(69,655)**
Net increase / (decrease) in cash and cash equivalents		3,083	(4,410)
Net foreign exchange differences		(128)	(28)
Cash and cash equivalents at beginning of the period		8,434	12,872
Cash and cash equivalents at end of period	6	**11,389**	**8,434**

This Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 JUNE 2026

NOTE 1. CORPORATE INFORMATION

The consolidated financial statements of Adairs Limited (the "Company" or "Parent") and its subsidiaries (collectively, the "Group") for the 52 weeks ended 28 June 2026 were authorised for issue in accordance with a resolution of the directors on 24 August 2026.

The Group operates on a retail accounting calendar that monitors performance on a weekly basis. The current reporting period is the 52 weeks ended 28 June 2026 (FY26); the prior corresponding period was the 52 weeks ended 29 June 2025 (FY25).

The Company is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The Group is an omni-channel specialty retailer of home furnishings, home furniture and home decoration products within Australia and New Zealand. The Group's principal place of business is 1 Middle Road, Chadstone, Victoria, Australia.

NOTE 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and contingent consideration which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Certain re-classifications have been made in the consolidated financial statements to ensure prior year comparative information is consistent with the current year presentations.

The consolidated financial statements provide comparative information in respect of the previous period where there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The financial report has been prepared on the basis of accounting practices applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. As at 28 June 2026, the Group had a net current asset deficiency of $34,749,000 after recognising $51,739,000 in current lease liabilities (29 June 2025: net current asset deficiency of $24,834,000 after recognising $52,169,000 in current lease liabilities). The Group expects to meet its obligations as and when they fall due over the next 12 months and beyond, through operating cash flows and available finance facilities. Unused revolving loan facilities as at 28 June 2026 were $76,000,000 (29 June 2025: $59,000,000).

2.2. Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3. Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the 52 weeks ended 28 June 2026, except as follows:

i. New and amended standards and interpretations

The Group has applied all relevant new standards and amendments, which are effective for annual periods beginning on or after 30 June 2025. None of these new standards or amendments have a material impact on the consolidated financial statements of the Group.

ii. Accounting standards and interpretations issued but not yet effective

AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*

Effective for annual reporting periods beginning on or after 1 January 2026, this amendment requires entities to assess the contractual cash flow characteristics of financial assets with environmental, social, and governance ("ESG") linked features. Key changes:

- Clarification that a financial liability is derecognised on the 'settlement date', being when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition.
- An accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met.

This amendment also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The impact of the standard on the Group is not expected to be material.

AASB 2025-1 *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*

Effective for annual reporting periods beginning on or after 1 January 2026, AASB 2025-1 amends AASB 9 *Financial Instruments* and AASB 7 *Financial Instruments: Disclosures*. The amendments clarify the accounting requirements for contracts that reference nature-dependent electricity sources, such as wind and solar generation. The amendments:

- Clarify when such contracts qualify for the own-use exception in AASB 9.
- Permit certain contracts to be designated as hedging instruments in qualifying hedge relationships.
- Introduce additional disclosure requirements to assist users in understanding the effect of these contracts on an entity's financial performance and cash flows.

The impact of the standard on the Group is not expected to be material.

AASB 18 *Presentation and Disclosure in Financial Statements*

Effective for annual reporting periods beginning on or after 1 January 2027, AASB 18 has been issued to improve how entities communicate in their financial statements, with particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are:

- The presentation of newly defined subtotals in the statement of profit or loss.
- The disclosure of management-defined performance measures (MPM).
- Enhanced requirements for grouping information (i.e. aggregation and disaggregation).

AASB 18 classifies all income and expenses into three new categories – operating, investing and financing – and requires subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. Classifying items into these categories will require judgement about the Group's main business activity, which may not be singular. AASB 18 also prescribes disclosures for management-defined performance measures – how each is calculated, why it is useful, and a reconciliation to the nearest specified subtotal – and, together with consequential amendments to AASB 107 *Statement of Cash Flows*, will replace AASB 101 *Presentation of Financial Statements*.

The impact of the standard on the Group is still being assessed.

2.4. Summary of material accounting policy information

a. Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current and non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b. Trade and other receivables

Other receivables include receivables from lessors and suppliers, as well as merchant receivables. Trade and other receivables are initially recognised at the transaction price and fair value, and subsequently measured at amortised cost less an allowance for any expected credit losses. A provision for expected credit loss is determined based on historic credit loss rates and adjusted for forward looking factors specific to the debtor and the economic environment.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 28 June 2026. The Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Company are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

d. Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the consideration for the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances dictate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management; and
- is not larger than a segment based on the Group's primary reporting format determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash generating units to which the goodwill relates.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

e. Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when taxable temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income ("OCI") or directly in equity.

Tax consolidation legislation

Adairs Limited and its wholly-owned Australian controlled entities, excluding Mocka Products Pty Ltd, implemented the tax consolidation legislation as of 1 November 2010.

The head entity, Adairs Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the legal entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated group are recognised as amounts receivable from or payable to other entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

f. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item; or
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

g. Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

ii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h. Revenue from contracts with customers

Revenue from retail sales is recognised when the performance obligation is satisfied which is generally when the customer obtains control of the goods at the point of sale or upon delivery to the customer.

Linen Lover membership program revenue

The Adairs segment operates a membership program, Linen Lover, from which a membership fee is received from the customer upon joining. Membership allows customers to benefit from additional discounts, extended returns periods, VIP shopping events and free shipping when they purchase products from the Group's retail and e-commerce stores. On purchase of a membership, customers are granted a Welcome Voucher that can be used within 30 days.

The Group has identified the following performance obligations with respect to the Linen Lovers membership program, that include:

1. Welcome Voucher – satisfied upon purchase of membership; and
2. Ongoing membership benefits – satisfied over time on a straight-line basis across the two-year membership period as the customer has the right to utilise the benefits of membership.

The Group has estimated the standalone selling price for each performance obligation based on the estimated value attributed to each performance obligation. Revenue is recognised as each performance obligation is satisfied.

Lay-by sales

The Adairs segment offers a lay-by service to customers, where control of the goods under the lay-by arrangement passes to the customer when the goods have been paid for in full and collected by the customer. It is at this point that revenue is recognised.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period (typically 30-60 days, with extended terms of 60-90 days for Linen Lover members), the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group has deferred revenue for the likelihood of sales to be returned and presents a refund liability and an asset to recover the products from a customer separately in the Consolidated Statement of Financial Position.

Gift card breakage revenue

Gift card breakage revenue is recognised in proportion to the pattern of rights exercised by the customer and represents a form of variable consideration. In recognising breakage revenue, the Group estimates the likelihood of breakage based on historical breakage rates and the estimated redemption of gift cards.

Online sales

Online sales are recognised upon the satisfaction of the Group's performance obligation which is deemed to occur upon delivery of the customer's order.

Furthermore, postage costs incurred to deliver online sales to the customer are classified as a Cost of sales in the Consolidated Statement of Profit or Loss, being a cost incurred to fulfil the Group's performance obligation.

i. Inventories

Inventories held by the Group are finished goods and are valued at the lower of cost and net realisable value.

The value of finished goods includes the purchase cost plus a proportion of the freight, handling and warehouse costs incurred to deliver the goods to the point of sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

j. Cash dividend and non-cash distribution to equity holders of the Parent

The Parent recognises a liability to pay cash or make non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Parent. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Consolidated Statement of Profit or Loss.

k. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the asset as follows:

CLASS	PERIOD
Computer hardware	2 – 3 years
Plant and other equipment	5 years
Leasehold improvements	Over lease term
Shop fixtures and fittings	Over lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

i. Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit or Loss in the year the asset is derecognised.

l. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit or Loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised.

i. Computer software and Software-as-a-Service (SaaS) arrangements

Computer software has been determined to have a finite life and is amortised on a straight-line basis over its useful life.

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services over the contract term. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract.

ii. Brand names

Brand names have been determined to have an indefinite life, are not amortised and are subject to impairment testing annually or more frequently where an indicator of impairment exists. The indefinite-useful life reflects management's intention to continue to operate these brands to generate net cash inflows into the foreseeable future.

m. Impairment

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit or Loss in expense categories consistent with the nature of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit or Loss.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the Consolidated Statement of Profit or Loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

n. Transaction costs

Transaction costs related to borrowings are recognised as expenses using the effective interest method as described in Note 2.4(r).

o. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for Short term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- **Short term leases and leases of low-value assets**

The Group applies the Short term lease recognition exemption to its Short term leases of retail stores, warehouses and head office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on Short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

p. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and Short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

All receivables from electronic funds transfer (EFT), credit card and debit card point of sale transactions during the period are classified as cash and cash equivalents.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and in transit, at bank and on deposit, net of outstanding bank overdrafts. When drawn, bank overdrafts are included within borrowings in current liabilities on the Consolidated Statement of Financial Position.

q. Employee benefits

i. Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii Long service leave

The liability for long service leave is recognised and measured in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds (Australian employees) and government bond rate (New Zealand employees) with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

r. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

s. Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-90 days of recognition.

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

u. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds.

v. Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gain or losses arising from the changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year as defined by AASB 9. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment or highly probable forecast transaction is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

i. Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the Statement of Profit or Loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the Consolidated Statement of Profit or Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the Consolidated Statement of Profit or Loss.

w. Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

x. Share-based payments

Employees (including Senior Executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 25.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Consolidated Statement of Profit or Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.5. Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements:

a. Significant accounting judgements

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. These include product, manufacturing and retail performance, technology and economic environments and future product expectations. If an impairment trigger exists, the recoverable amount of the assets is determined. This involves value in use or fair value less costs of disposal calculations, which incorporate a number of key estimates and assumptions.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of six months to eight years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e., a change in business strategy).

The Group has included the renewal period as part of the lease term for some of its leases of retail stores, warehouses and office space due to the significance of these assets to its operations.

Extension options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The present value of lease payments to be made under these options considered reasonably certain to be exercised at commencement date have been included in the lease liability balance at 28 June 2026. The undiscounted potential future payments at current rental rates under options that are not considered reasonably certain to be exercised at 28 June 2026 is $103,211,000 (2025: $91,029,000), which includes potential lease payments within the next five years of $23,457,000 (2025: $19,153,000) should those options be exercised.

The Group also has a number of leases in holdover that are cancellable by the Group or the lessor with a Short term notice period. The lease term for cancellable leases has been determined by assessing whether termination options are reasonably certain to be exercised by Adairs. The Group's exposure to future lease payments is not included in the measurement of lease liabilities given cancellable leases depend on whether the Group agrees to renew the lease under revised terms or exit the lease.

Determining the leased asset

A leased asset exists when an entity receives 'substantially all' the economic benefits and controls the asset. The accounting standards do not define a threshold for 'substantially all' (although it is generally accepted in practice to be a very high threshold) and therefore management is required to exercise judgement.

b. Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units or group of cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. These estimates are based on conditions existing and emerging as at 28 June 2026, including management's assessment of the future cashflows. The assumptions used in this estimation of the recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 10.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

Long service leave provision

As outlined in Note 2.4(q), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Make-good provision

Provision is made for the anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with dismantling and removal of shop fittings and cleaning. These future cost estimates are discounted to their present value. The calculation of this provision requires assumptions such as store closure dates and removal cost estimates.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for shop fittings). In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 9.

Net realisable value of inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Management has assessed the value of inventory that is likely to be sold below cost using past experience and judgement on the likely sell through rates of various items of inventory, and recorded a provision for this amount.

Revenue from contracts with customers

The recognition of revenue from contract with customers is subject to significant estimates in the following areas:

- Linen Lover membership program – identification of two performance obligations (Welcome Voucher and other ongoing membership benefits) and estimation of the standalone selling price for each performance obligation based on the estimated value attributed to each performance obligation.
- Right of returns provision – estimate of the quantity and value of goods that will be returned based on the expected value method, being the best method to predict the amount of variable consideration entitled to by the Group.

Refer to Note 2.4(h) for further details in relation to the accounting policy for revenue from contracts with customers.

Lease related estimates – Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

NOTE 3. SEGMENT REPORTING

For management purposes, the Group is organised into business units which form three reportable segments, being Adairs, Mocka and Focus on Furniture.

Operating segments are identified on the basis of internal reports to senior management about components of the Group that are regularly reviewed by senior management who have been identified as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance and for which discrete financial information is available.

Information reported to senior management for the purposes of resource allocation and assessment of performance is specifically focused on core products and services, which forms three reportable operating segments.

Underlying earnings before interest tax (EBIT) is the key measure by which the performance of the segments is monitored. Underlying EBIT excludes the impact of significant items deemed by management and the Board to be items not reflective of normal operating activities.

52 WEEKS ENDED 28 JUNE 2026	ADAIRS $'000	MOCKA $'000	FOCUS ON FURNITURE $'000	CONSOLIDATED $'000
Revenue from contracts with external customers	459,233	71,180	111,334	641,747
Gross profit	233,187	26,677	42,290	302,154
Underlying EBITDA	52,874	10,185	5,607	68,666
Underlying EBIT	41,125	10,052	3,825	55,002
Items not included in the segment result:				
Non-underlying items[1]				(73,819)
Finance expenses				(20,326)
Interest income				193
Loss before income tax				(38,950)
Income tax expense				(428)
Loss after income tax				**(39,378)**
As at 28 June 2026				
Total assets	343,153	106,220	125,794	575,167
Total liabilities	288,791	9,277	105,733	403,801

1. Non-underlying items comprise of (i) EBIT impact of AASB 16 *Leases*; (ii) SaaS cloud computing project costs; (iii) Focus on Furniture impairment charge; and (iv) Adairs New Zealand exit costs.

52 WEEKS ENDED 29 JUNE 2025	ADAIRS $'000	MOCKA $'000	FOCUS ON FURNITURE $'000	CONSOLIDATED $'000
Revenue from contracts with external customers	442,231	57,932	117,929	618,092
Gross profit	221,255	20,747	47,300	289,302
Underlying EBITDA	46,925	7,741	13,309	67,975
Underlying EBIT	35,781	7,611	11,815	55,207
Items not included in the segment result:				
Non-underlying items[1]				(681)
Finance expenses				(18,395)
Interest income				311
Profit before income tax				**36,442**
Income tax expense				(10,760)
Profit after income tax				**25,682**
As at 29 June 2025				
Total assets	357,110	107,064	191,773	655,947
Total liabilities	307,475	17,444	105,856	430,775

1. Non-underlying items comprise of (i) EBIT impact of AASB 16 *Leases*; (ii) warehouse management system (WMS) implementation costs; (iii) SaaS cloud computing project costs; (iv) leadership transition costs; and (v) office and warehouse relocation costs.

NOTE 4. REVENUES AND EXPENSES

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
a. Revenue from contracts with customers		
Disaggregation of the Group's revenue from contracts with customers:		
Types of goods and services		
Sale of goods and services – stores	432,526	432,225
Sale of goods and services – online	209,221	185,867
Total revenue from contracts with customers	**641,747**	**618,092**
b. Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	10,414	9,603
Depreciation of right-of-use assets	52,806	51,280
Amortisation of software	3,415	3,181
Total depreciation and amortisation expenses	**66,635**	**64,064**
Included in the Consolidated Statement of Profit or Loss within:		
Cost of sales	4,454	4,108
Depreciation and amortisation expenses	62,181	59,956

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
c. Finance expenses		
Interest on borrowings and other finance costs	5,918	6,789
Interest on lease liabilities	15,749	12,436
Amortisation of borrowing costs	251	353
Total finance expenses	**21,918**	**19,578**
Included in the Consolidated Statement of Profit or Loss within:		
Cost of sales	1,592	1,183
Finance expenses	20,326	18,395
d. Salaries and employee benefits expenses		
Wages and salaries	132,922	129,080
Defined contribution superannuation expense	12,135	11,196
Share-based payment expense / (reversal)	14	(5)
Total salaries and employee benefits expense	**145,071**	**140,271**
Included in the Consolidated Statement of Profit or Loss within:		
Cost of sales	21,768	22,785
Salaries and employee benefits expenses	123,303	117,486
e. Other expenses		
Merchant fees	6,365	5,864
Professional fees	2,654	1,918
Third party warehousing related charges	3,170	4,010
Packaging and consumables	1,657	1,628
Technology costs (including SaaS project costs)	15,708	7,729
Asset, property and maintenance expenses	3,639	3,832
Loss on derecognition of Adairs New Zealand property, plant and equipment (Note 9)	1,458	–
Loss on derecognition of decommissioned software intangibles (Note 10)	2,804	–
Other	7,974	8,223
Total other expenses	**45,429**	**33,204**
Included in the Consolidated Statement of Profit or Loss within:		
Cost of sales	7,389	7,392
Other expenses	38,040	25,812

NOTE 5. INCOME TAX

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
The major components of income tax expense are:		
Consolidated Statement of Profit or Loss		
Current income tax		
Current income tax charge	13,075	13,308
Adjustments in respect of current income tax of previous years	(326)	227
Deferred income tax		
Relating to origination and reversal of temporary differences	(12,411)	(2,451)
Adjustments in respect of deferred income tax of previous years	90	(324)
Income tax expense reported in the Consolidated Statement of Profit or Loss	**428**	**10,760**
Consolidated Statement of Other Comprehensive Income		
Deferred income tax		
Relating to origination and reversal of temporary differences	(123)	(1,649)
Income tax benefit reported in the Consolidated Statement of Other Comprehensive Income	**(123)**	**(1,649)**
A reconciliation of income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Total accounting (loss) / profit before income tax	(38,950)	36,442
At the statutory income tax rate of 30% (2025: 30%)	(11,685)	10,933
Adjustments in respect of current income tax of previous years	(326)	227
Adjustments in respect of deferred income tax of previous years	90	(324)
Net non-deductible expenses	12,337	18
Effect of foreign tax rates	(15)	(128)
Other	27	34
Income tax expense reported in the Consolidated Statement of Profit or Loss	**428**	**10,760**

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF PROFIT OR LOSS	
	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Deferred income tax				
Deferred income tax relates to the following:				
Deferred tax assets				
Inventories	513	529		
Lease liabilities	69,256	70,826		
Deferred revenue	2,781	3,750		
Trade and other payables	2,190	1,236		
Provisions	5,347	5,412		
Equity instruments	51	57		
Derivative financial instruments	1,223	1,081		
Software	5,098	1,141		
Total deferred tax assets	**86,459**	**84,032**		
Deferred tax liabilities				
Other assets	(81)	(28)		
Property, plant and equipment	(1,498)	(1,377)		
Right-of-use assets	(59,923)	(62,793)		
Brand names	(26,663)	(33,425)		
Other	-	(568)		
Total deferred tax liabilities	**(88,165)**	**(98,191)**		
Net deferred tax liabilities	**(1,706)**	**(14,159)**		
Net deferred tax balances according to jurisdiction disclosed on the Consolidated Statement of Financial Position				
Net deferred tax asset	624	1,680		
Net deferred tax liabilities	(2,330)	(15,839)		
Amounts credited directly to profit and loss			12,321	2,775
Amounts credited directly to other comprehensive income			123	1,649
Amounts credited / (debited) directly to equity			9	(40)
Previously recognised losses transferred and utilised against taxable income of prior years amongst New Zealand entities			–	(798)
Movement in net deferred tax liabilities			**12,453**	**3,586**

NOTE 6. CASH AND CASH EQUIVALENTS

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Cash at bank	11,279	8,333
Cash on hand	110	101
Total cash and cash equivalents	**11,389**	**8,434**

CONSOLIDATED STATEMENT OF CASH FLOWS RECONCILIATION

a. Reconciliation of net profit after tax to net cash flows from operating activities

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Net (loss) / profit after tax	(39,378)	25,682
Adjustments and non-cash items		
Depreciation and amortisation expenses	66,635	64,064
Impairment of intangibles	63,499	–
Loss on derecognition of property, plant and equipment and intangibles	4,262	
Share-based payments expense / (reversal)	14	(5)
Amortisation of borrowing costs	251	353
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	1,930	(5,286)
(Increase) / Decrease in other assets	1,052	1,802
(Increase) / Decrease in inventories	4,797	(12,281)
Increase / (Decrease) in trade and other payables	3,145	6,935
Increase / (Decrease) in deferred revenue	(568)	(151)
Increase / (Decrease) in current tax payables	2,103	70
Increase / (Decrease) in provisions	2,761	548
Increase / (Decrease) in net deferred tax liabilities	(12,321)	(2,775)
Increase / (Decrease) in earn-out liabilities	–	(261)
Net cash flow from operating activities	**98,182**	**78,695**

b. Reconciliation of liabilities arising from financing activities

	AS AT 29 JUNE 2025 $'000	NET CASH FLOWS $'000	AS AT 28 JUNE 2026 $'000
Interest-bearing liabilities (Note 13)	76,000	(17,000)	59,000
Total liabilities from financing activities	**76,000**	**(17,000)**	**59,000**

	AS AT 30 JUNE 2024 $'000	NET CASH FLOWS $'000	AS AT 29 JUNE 2025 $'000
Interest-bearing liabilities (Note 13)	77,000	(1,000)	76,000
Total liabilities from financing activities	**77,000**	**(1,000)**	**76,000**

The reconciliation of lease liabilities is detailed within Note 16.

NOTE 7. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Trade and other receivables		
Other receivables	6,947	8,877
Trade and other receivables	**6,947**	**8,877**
Other assets		
Prepaid expenses	6,568	7,340
Deposits	1,032	912
Contract assets	104	100
Other assets	537	696
Total current other assets	**8,241**	**9,048**
Prepaid expenses	1,114	1,463
Total non-current other assets	**1,114**	**1,463**

Other receivables primarily relate to amounts receivable from landlords, as well as cash receipts yet to be cleared into bank accounts.

Trade and other receivables are non-interest bearing and no provision for impairment (based on expected credit losses) has been recorded as at 28 June 2026 (2025: nil) as the amount is considered to be not material.

NOTE 8. INVENTORIES

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Stock on hand	73,971	79,878
Stock in transit	17,258	16,148
Total inventories, at lower of cost and net realisable value	**91,229**	**96,026**

During the 52 weeks ended 28 June 2026, $151,000 was recognised as a provision reversal for inventories carried at net realisable value (2025: $498,000 provision reversal). This is recognised in cost of sales.

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	FIXTURES & FITTINGS $'000	LEASEHOLD IMPROVEMENTS $'000	COMPUTER HARDWARE $'000	PLANT & OTHER EQUIPMENT $'000	TOTAL $'000
Cost					
As at 30 June 2024	**82,175**	**1,196**	**7,619**	**18,430**	**109,420**
Additions	4,654	–	1,440	4,359	10,453
Additions – work in progress	624	–	–	–	624
Disposals	(776)	(543)	(31)	(105)	(1,455)
Exchange differences	47	–	1	2	50
As at 29 June 2025	**86,724**	**653**	**9,029**	**22,686**	**119,092**
Additions	6,286	–	356	3,907	10,549
Additions – work in progress	1,289	–	3	–	1,292
Disposals	(14,375)	(600)	(4,456)	(7,853)	(27,284)
Exchange differences	(557)	(2)	(9)	(32)	(600)
As at 28 June 2026	**79,367**	**51**	**4,923**	**18,708**	**103,049**
Depreciation and impairment					
As at 30 June 2024	**53,193**	**707**	**5,550**	**11,670**	**71,120**
Depreciation	7,036	15	756	1,796	9,603
Disposals	(666)	(85)	(29)	(7)	(787)
Exchange differences	48	–	–	3	51
As at 29 June 2025	**59,611**	**637**	**6,277**	**13,462**	**79,987**
Depreciation	7,218	2	810	2,384	10,414
Disposals	(13,112)	(600)	(4,400)	(7,714)	(25,826)
Exchange differences	(470)	–	(10)	(14)	(494)
As at 28 June 2026	**53,247**	**39**	**2,677**	**8,118**	**64,081**
Net book value					
As at 29 June 2025	**27,113**	**16**	**2,752**	**9,224**	**39,105**
As at 28 June 2026	**26,120**	**12**	**2,246**	**10,590**	**38,968**

Impairment assessment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment annually. If an indication of impairment exists and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use discounted to present value using a pre-tax discount rate that reflect current market assessments of the risks specific to the asset.

No impairment loss was recognised during the 52 weeks ended 28 June 2026 (2025: nil).

During the 52 weeks ended 28 June 2026, the Group made the decision to exit the Adairs New Zealand store network, with all stores ceasing to trade by or shortly after 28 June 2026. As these assets will no longer be utilised and no future economic benefits are expected to be generated, these assets were derecognised, resulting in a loss on derecognition of $1,458,000.

NOTE 10. INTANGIBLES

	SOFTWARE $'000	BRAND NAMES AND TRADEMARKS $'000	GOODWILL $'000	TOTAL $'000
Cost				
As at 30 June 2024	**20,728**	**112,837**	**179,205**	**312,770**
Additions	2,292	–	–	2,292
Work in progress	81	–	–	81
Disposals	(318)	–	–	(318)
Exchange differences	–	–	–	–
As at 29 June 2025	**22,783**	**112,837**	**179,205**	**314,825**
Additions	3,060	32	–	3,092
Work in progress	30	–	–	30
Disposals	(16,052)	–	–	(16,052)
Exchange differences	(18)	–	–	(18)
As at 28 June 2026	**9,803**	**112,869**	**179,205**	**301,877**
Amortisation and impairment				
As at 30 June 2024	**10,303**	**–**	**19,910**	**30,213**
Amortisation	3,181	–	–	3,181
Disposals	(262)	–	–	(262)
Exchange differences	–	–	–	–
As at 29 June 2025	**13,222**	**–**	**19,910**	**33,132**
Amortisation	3,415	–	–	3,415
Disposals	(13,248)	-	-	(13,248)
Impairment loss	-	22,540	40,959	63,499
Exchange differences	(12)	-	-	(12)
As at 28 June 2026	**3,377**	**22,540**	**60,869**	**86,786**
Net book value				
As at 29 June 2025	**9,561**	**112,837**	**159,295**	**281,693**
As at 28 June 2026	**6,426**	**90,329**	**118,336**	**215,091**

Impairment assessment of software

The carrying values of software are reviewed for impairment annually. If an indication of impairment exists and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use discounted to present value using a pre-tax discount rate that reflect current market assessments of the risks specific to the asset.

No impairment loss was recognised during the 52 weeks ended 28 June 2026 (2025: nil).

During the 52 weeks ended 28 June 2026, the Group progressed the transition of the new ERP system and supporting digital infrastructure for Adairs, with legacy systems to be decommissioned from go-live in early FY27. As use of these legacy systems will be discontinued and no future economic benefits are expected to be generated, these software intangible assets were derecognised, resulting in a loss on derecognition of $2,804,000.

Impairment assessment of goodwill and brand names

Goodwill acquired through business combinations and brand names with indefinite lives have been allocated to the cash generating units (CGUs) or group of CGUs for the purpose of impairment testing.

Carrying amounts of goodwill and brand names and trademarks allocated to the CGUs are as follows:

	GOODWILL		BRAND NAMES AND TRADEMARKS	
($'000)	AS AT 28 JUNE 2026	AS AT 29 JUNE 2025	AS AT 28 JUNE 2026	AS AT 29 JUNE 2025
Adairs	69,927	69,927	42,770	42,738
Mocka	48,409	48,409	33,115	33,115
Focus on Furniture	–	40,959	14,444	36,984
Total	**118,336**	**159,295**	**90,329**	**112,837**

The Group performed its annual impairment tests for the Adairs, Mocka and Focus on Furniture CGUs as at 28 June 2026. The recoverable amount of each CGU has been determined based on cash flow projections from financial budgets approved by senior management and endorsed by the Board covering a five-year period.

Adairs and Mocka CGUs

The estimate of the recoverable amount for the Adairs and Mocka CGUs is based on conditions existing and emerging as at 28 June 2026. The recoverable amount is calculated using a value-in-use approach and is comprised of assumptions for revenue and EBITDA growth rates. The key estimates applied to determine the recoverable amount of the CGUs are as follows:

	AS AT 28 JUNE 2026		AS AT 29 JUNE 2025	
	ADAIRS %	MOCKA %	ADAIRS %	MOCKA %
Pre-tax discount rate	13.60%	15.80%	13.40%	15.60%
Terminal value (long-term) growth rate	2.25%	2.25%	2.25%	2.25%

The results of the impairment tests determined that the recoverable amount for the Adairs and Mocka CGUs exceeded the respective carrying values, and as a result there was no impairment recognised in the 52 weeks ended 28 June 2026 (2025: nil).

Focus on Furniture CGU

The large furniture industry is a highly interest-rate and confidence-sensitive discretionary retail segment, and currently the cycle is compressing both sales and margins for Focus on Furniture well below the trajectory implied by the acquisition multiple. Focus on Furniture is now experiencing a sustained decline in earnings reflecting subdued furniture demand as the cycle has normalised in a post-COVID environment.

To address the performance issues, a new management team has been appointed progressively throughout the year and is now rebuilding the business across product, supply chain, store execution and operating processes. The current challenges being experienced by the business are expected to require remediation over an extended period and the Group now considers the recovery of Focus on Furniture to be a multi-year programme.

The initial period of the turnaround plan carries high execution risk. Because the forecasts depend on the pace and success of an early-stage turnaround, the recoverable amount is subject to a high degree of estimation uncertainty, and a reasonably possible range of outcomes could produce a materially higher or lower recoverable amount than that recognised.

The key assumptions used in estimating the recoverable amount of the Focus on Furniture CGU based on a value-in-use calculation are set out below:

ASSUMPTION	28 JUN 2026	29 JUN 2025	EXPLANATION
Revenue growth rates (five-year CAGR)	+2.2%	+5.0%	Revenue growth rates are based on management's best estimate, considering historical performance and expected future growth in key performance indicators. As highlighted above, leadership transition and other operating rhythm challenges have emerged across the later half of FY26 and accelerated in the final quarter, and the Group now considers the recovery of Focus on Furniture to be a multi-year program.
EBITDA growth rates (five-year CAGR)	+0.6%	+7.6%	Earnings before interest, tax and depreciation and amortisation ("EBITDA") is a function of gross margin and both variable operating costs and fixed overhead costs. Gross margin rates have been applied to revenue based on average values achieved in the past and adjusted for future expectations. Variable operating costs have been allocated to sales volumes derived from anticipated revenues. Fixed overhead costs have been assumed based on expectations of necessary overheads to operate the business and requirements to execute the turnaround plan. Cost growth assumptions have been factored considering both inflationary and business growth.
Discount rates (pre-tax)	18.0%	14.9%	Discount rate calculation is based on the specific circumstances of the Group and the industry in which the CGU operates and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. A specific risk factor is incorporated into the individual WACC of the Focus on Furniture CGU by applying unique risk factors.
Terminal value (long-term) growth rates	2.25%	2.25%	Long-term growth rate used to extrapolate cash flows in the terminal value beyond the five-year forecast period. The assumption is made based on industry related expectations for long-term growth.

The impairment assessment of the Focus on Furniture CGU as at 28 June 2026 indicated the carrying value exceeded the recoverable amount and, therefore, an impairment expense of $63,499,000 has been recognised (2025: nil). The impairment expense has been allocated first to goodwill and then to the brand intangible asset, as set out below:

	52 WEEKS ENDED 28 JUNE 2026		
	CARRYING VALUE (PRE-IMPAIRMENT) $'000	IMPAIRMENT EXPENSE $'000	CARRYING VALUE (POST-IMPAIRMENT) $'000
Goodwill	40,959	40,959	–
Brand names and trademarks	36,984	22,540	14,444
Total		**63,499**	

As the carrying amount of the CGU now equals its recoverable amount, any adverse change in a key assumption would result in a further impairment. The sensitivities below illustrate the range of the potential impacts to the recoverable amount from changes in key assumptions with all other factors remaining unchanged:

		SENSITIVITY IMPACT ON RECOVERABLE AMOUNT AS AT 28 JUN 2026	
ASSUMPTION	SENSITIVITY APPLIED	DECREASE	INCREASE
Five-year revenue CAGR[1]	-/+ 0.5%	-$4,554	+$4,631
Five-year EBITDA CAGR[1]	-/+ 0.5%	-$976	+$993
Discount rate (pre-tax)	-/+ 0.5%	+$1,248	-$1,365
Terminal value growth rate	-/+ 0.25%	-$396	+$415

1. Compound annual growth rate ("CAGR"). The sensitivity is performed by applying an increase/(decrease) to the specific growth rate applied to the assumption in each forecast year.

The expected continued promotion and marketing of the Focus on Furniture brand supports the assumption that the remaining brand intangible asset has an indefinite life.

NOTE 11. TRADE AND OTHER PAYABLES

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Trade creditors	40,916	37,060
Accrued expenses	18,970	16,867
Other payables	3,557	4,021
Total current trade and other payables	**63,443**	**57,948**
Current	63,443	57,948
Non-current	–	–
Total trade and other payables	**63,443**	**57,948**

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms. Other payables are non-interest bearing and do not have settlement terms.

NOTE 12. DEFERRED REVENUE

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Current deferred revenue		
Undelivered customer orders and deposits	11,396	11,880
Other deferred revenue	8,100	8,131
Total current deferred revenue	**19,496**	**20,011**
Non-current deferred revenue		
Other deferred revenue	1,279	1,332
Total non-current deferred revenue	**1,279**	**1,332**
Current	19,496	20,011
Non-current	1,279	1,332
Total deferred revenue	**20,775**	**21,343**

Undelivered customer orders and deposits represent amounts received from customers for orders not yet completed. Deposits received from customers are recognised as revenue at the point of delivery of the goods to the customer.

Other deferred revenue includes revenue with respect to the Linen Lover membership program, unredeemed gift cards, as well as other revenue from contracts with customers received in advance of recognition.

The remaining performance obligations expected to be recognised in more than one year (non-current deferred revenue) relate primarily to the Linen Lover membership program which will be satisfied over a two-year membership period from joining date. Refer to Note 2.4(h) for revenue recognition policy.

NOTE 13. BORROWINGS

	INTEREST RATE %	MATURITY	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Non-current				
Revolving loan – Facility A	BBSW + 2.15	14 July 2028	59,000	76,000
Revolving loan – Facility D	BBSW + 2.30	14 July 2029	–	–
Principal outstanding borrowings			59,000	76,000
Total non-current			**59,000**	**76,000**
Current			–	–
Non-current			59,000	76,000
Total interest-bearing loans and borrowings			**59,000**	**76,000**

a. Financing facilities available

At reporting date, the following non-shareholder financing facilities had been in place with the bank and were available:

Revolving loan facilities available at the reporting date	135,000	135,000
Revolving loan facilities used at the reporting date	(59,000)	(76,000)
Other multi-option facilities available at the reporting date	12,000	12,000
Other multi-option facilities used at the reporting date[i]	(5,837)	(6,435)
Facilities unused at the reporting date	**82,163**	**64,565**

i. The amount of used multi-option facilities of $5,837,000 (29 June 2025: $6,435,000) represents bank guarantees, letters of credit and corporate card facilities.

The amount of borrowing costs capitalised as at 28 June 2026 is $537,000 (2025: $696,000) and is included within Other assets in the Consolidated Statement of Financial Position. The interest rate applicable to the debt facilities is variable and the Group does not hedge the interest rate. The costs associated with the debt facilities are recorded in Finance expenses in the Consolidated Statement of Profit or Loss.

The Group expects to be compliant with future covenant obligations for at least 12 months from the date of this report.

NOTE 14. PROVISIONS

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Current provisions		
Annual leave	5,976	6,676
Long service leave	4,061	4,840
Make-good	135	462
Total current provisions	**10,172**	**11,978**
Non-current provisions		
Long service leave	1,082	1,014
Make-good	6,630	5,060
Total non-current provisions	**7,712**	**6,074**
Current	10,172	11,978
Non-current	7,712	6,074
Total provisions	**17,884**	**18,052**

Nature and timing of provisions

Refer to note 2.4(t) and 2.5(b) for the relevant accounting policy and details of significant estimations and assumptions applied in the measurement of these provisions.

NOTE 15. ISSUED CAPITAL AND RESERVES

a. Issued shares

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Ordinary Shares	178,615	176,742

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Balance at the beginning of the period	91,493	87,351
Exercise of share options[i]	–	231
Dividend reinvestment plan[ii]	3,461	3,911
Balance at the end of the period	**94,954**	**91,493**

i. No new ordinary shares in the Company (2025: 45,000) were issued upon exercise of share options. The Company did not receive consideration (2025: nil) from the holders of the share options. Refer to Note 25.

ii. New ordinary shares in the Company were issued via the dividend reinvestment plan. During the 52 weeks ended 28 June 2026, 594,991 ordinary shares at a price of $2.64 per share were allotted in October 2025, and a further 1,277,569 ordinary shares at a price of $1.48 per share were allotted in April 2026.

b. Share-based payment reserve

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Balance at the beginning of the period	1,935	2,211
Exercise of share options	–	(231)
Share-based payment expense / (reversal)	14	(5)
Tax effect of share-based payments	9	(40)
Proceeds from settlement of non-recourse loan[i]	372	–
Balance at the end of the period	**2,330**	**1,935**

i. The Group had previously provided Ashley Gardner (former Group CFO) with an interest-free, non-recourse loan of $750,000 to acquire shares in the Company. Proceeds from any sale of the shares were required to be applied to repay the loan and up to 55% of the loan was to be progressively forgiven, subject to continued employment. Mr Gardner ceased employment in March 2026 and the loan therefore became immediately repayable in accordance with its terms. Mr Gardner repaid it by selling shares worth the outstanding loan amount (at their original cost) and paying the Company their current market value in cash, being $372,000.

The non-recourse nature of the loan, and the potential for forgiveness, gave rise to a benefit treated as a share-based payment, measured at fair value at grant date. As the vesting date was treated as the grant date, the full cost was recognised in FY20 and no further share-based payment expense had been recognised in any subsequent year prior to his resignation.

c. Foreign currency translation reserve

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Balance at the beginning of the period	(434)	(407)
Foreign currency translation of foreign subsidiaries	(1,173)	(27)
Balance at the end of the period	**(1,607)**	**(434)**

d. Cash flow hedge reserve

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Balance at the beginning of the period	(2,547)	1,306
Recognised in Consolidated Statement of Other Comprehensive Income		
Net loss on cash flow hedges	(411)	(5,502)
Income tax related to the net loss on cash flow hedges	123	1,649
Balance at the end of the period	**(2,835)**	**(2,547)**

e. Retained earnings

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Balance at the beginning of the period	134,725	132,703
Net (loss) / profit after income tax for the period	(39,378)	25,682
Dividends paid during the period	(16,823)	(23,660)
Balance at the end of the period	**78,524**	**134,725**

NOTE 16. LEASE ARRANGEMENTS

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the 52 weeks ended 28 June 2026:

	RIGHT-OF-USE ASSETS $'000	LEASE LIABILITIES $'000
As at 30 June 2024	**175,477**	**198,897**
Additions	85,402	85,865
Depreciation expense	(51,280)	-
Interest expense	-	12,436
Payments	-	(60,788)
Foreign currency difference	22	31
As at 29 June 2025	**209,621**	**236,441**
Additions	43,439	43,964
Depreciation expense	(52,806)	-
Interest expense	-	15,749
Payments	-	(64,703)
Foreign currency difference	(452)	(529)
As at 28 June 2026	**199,802**	**230,922**

Lease liabilities are presented in the Consolidated Statement of Financial Position as follows:

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Current lease liabilities	51,739	52,169
Non-current lease liabilities	179,183	184,272
Total lease liabilities	**230,922**	**236,441**

The following are the amounts recognised in profit and loss:

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Depreciation expense on right-of-use assets	52,806	51,280
Interest expense on lease liabilities	15,749	12,436
Expense relating to Short term leases[i]	1,008	922
Variable lease payments[i]	13,301	12,631
Total amount recognised in profit or loss	**82,864**	**77,269**

i. Items included within Occupancy expenses are primarily variable lease payments and outgoings of $14,309,000 during the 52 weeks ended 28 June 2026 (52 weeks ended 29 June 2025: $13,553,000).

The Group had total cash outflows for leases of $80,972,000 during the 52 weeks ended 28 June 2026 (52 weeks ended 29 June 2025: $76,212,000).

The maturity analysis of lease liabilities is disclosed in Note 18(iii).

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Current assets		
Forward currency contracts – cash flow hedges	1,742	–
Non-current assets		
Forward currency contracts – cash flow hedges	20	–
Current liabilities		
Forward currency contracts – cash flow hedges	5,820	3,589
Non-current liabilities		
Forward currency contracts – cash flow hedges	–	39

Forward currency contracts – cash flow hedges

The Group buys inventories that are purchased in US Dollars (USD). In order to protect against exchange rate movements and to manage the inventory purchases process, the Group has entered into forward exchange contracts to purchase USD. Outstanding contracts are hedging highly probable forecasted inventory purchases and the contract notional value is forecast to total less than the expected level of total purchases of inventory in USD within 18 months.

Forward currency contracts are timed to mature when payments are scheduled to be made. These derivatives have met the requirements to qualify for hedge accounting with movements recorded in other comprehensive income accordingly.

The Group is holding the following foreign currency contracts:

	< 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-9 MONTHS	9-12 MONTHS	>12 MONTHS	TOTAL
As at 28 June 2026							
Forward currency contracts (highly probable forecast inventory purchases)							
– AUD notional amount ($'000)	22,114	41,163	62,215	43,325	8,552	1,439	178,808
– Average forward rate (USD/AUD)	0.6635	0.6674	0.6697	0.6865	0.7013	0.6952	
– Average forward rate (USD/NZD)	0.6015	0.5975	0.5946	0.6052	–	–	
As at 29 June 2025							
Forward currency contracts (highly probable forecast inventory purchases)							
– AUD notional amount ($'000)	3,071	9,711	45,169	33,131	61,409	5,048	157,539
– Average forward rate (USD/AUD)	0.6200	0.6360	0.6326	0.6424	0.6513	0.6536	
– Average forward rate (USD/NZD)	0.6327	0.5650	0.5775	0.5813	0.6038	–	

	NOTIONAL AMOUNT $'000	CARRYING AMOUNT $'000	LINE ITEM IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 28 June 2026			
Forward currency contracts	57,166	1,762	Derivative financial instruments – assets
Forward currency contracts	121,642	(5,820)	Derivative financial instruments – liabilities
As at 29 June 2025			
Forward currency contracts	157,539	(3,628)	Derivative financial instruments – liabilities

There was no material hedge ineffectiveness arising from the Group's forward currency contract hedging strategy during the 52 weeks ended 28 June 2026 (2025: nil). This is due to inventory purchases in USD exceeding the notional amount of forward currency contracts taken out and maturing when payments are scheduled.

NOTE 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and Short term deposits, derivatives and lease liabilities.

Risk exposures and responses

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

With respect to credit risk, the overwhelming majority of the Group's sales are on cash or cash equivalent terms with settlement within 24 business hours. As such, the Group's exposure to credit risk is minimal. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group enters into derivative transactions, principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and liquidity risk.

i. Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long-term unhedged debt obligations.

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Financial instruments		
Cash and cash equivalents	11,389	8,434
Borrowings	(59,000)	(76,000)
Net exposure	**(47,611)**	**(67,566)**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

As at 28 June 2026, if interest rates had moved, as illustrated in the table below, with all other variables held constant, loss after tax would have been affected as follows due to the higher/lower interest rate costs from variable debt and cash balances:

LOSS AFTER TAX (HIGHER)/LOWER	52 WEEKS ENDED 28 JUNE 2026 $'000
+1.5% (+150 basis points)	(500)
+1.0% (+100 basis points)	(333)
+0.5% (+50 basis points)	(167)
-0.5% (-50 basis points)	167
-1.0% (-100 basis points)	333
-1.5% (-150 basis points)	500

Significant assumptions used in the interest rate sensitivity analysis include:

Reasonably possible movements in interest rates were determined based on the Group's current credit rating, relationships with finance institutions, the level of debt that is expected to be renewed as well as a review of the last two years' historical movements and economic forecaster's expectations.

The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months from the reporting date.

ii. Foreign currency risk

As a result of large purchases of inventory denominated in USD, the Group's Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss can be affected significantly by movements in the USD/AUD exchange rates and USD/NZD exchange rates. The Group attempts to mitigate this risk by entering into forward foreign exchange contracts, as detailed below.

At reporting date, the Group had the following exposure to USD foreign currency that is not covered by a designated cash flow hedge (denominated in USD).

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Financial liabilities		
Payables	11,739	8,803

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

As at 28 June 2026, had the AUD moved, as illustrated in the table below, with all other variables held constant and without consideration of the Group's available forward currency contracts, loss after tax would have been affected as follows:

LOSS AFTER TAX (HIGHER)/LOWER	52 WEEKS ENDED 28 JUNE 2026 $'000
AUD to USD +10%	747
AUD to USD +5%	391
AUD to USD -5%	(432)
AUD to USD -10%	(913)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations.

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from reporting date.

iii. Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

A. Non-derivative financial assets and liabilities

The following liquidity risk disclosures reflect all contractually fixed payables, repayments and interest resulting from recognised financial liabilities as well as liquid financial assets as of 28 June 2026. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for assets/liabilities is based on the contractual terms of the underlying contract.

	< 6 MONTHS $'000	6–12 MONTHS $'000	1–5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
As at 28 June 2026					
Liquid financial assets					
Cash and cash equivalents	11,389	–	–	–	11,389
Trade and other receivables	6,947	–	–	–	6,947
Financial liabilities					
Trade and other payables	(63,443)	–	–	–	(63,443)
Lease liabilities	(32,059)	(32,711)	(135,974)	(78,028)	(278,772)
Borrowings	–	–	(59,000)	–	(59,000)
Net outflow	**(77,166)**	**(32,711)**	**(194,974)**	(78,028)	**(382,879)**

	< 6 MONTHS $'000	6–12 MONTHS $'000	1–5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
As at 29 June 2025					
Liquid financial assets					
Cash and cash equivalents	8,434	–	–	–	8,434
Trade and other receivables	8,877	–	–	–	8,877
Financial liabilities					
Trade and other payables	(57,948)	–	–	–	(57,948)
Lease liabilities	(33,256)	(33,293)	(150,067)	(83,195)	(299,811)
Borrowings	–	–	(76,000)	–	(76,000)
Net outflow	**(73,893)**	**(33,293)**	**(226,067)**	**(83,195)**	**(416,448)**

B. Derivative financial assets and liabilities

Due to the unique characteristics and risks inherent to derivative instruments the Group separately monitors the liquidity risk arising from transacting in derivative instruments.

The table below details the liquidity risk arising from the derivative assets and liabilities held by the Group at the reporting date:

	< 6 MONTHS $'000	6–12 MONTHS $'000	1–5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
As at 28 June 2026					
Derivatives – forward currency contracts (asset)	857	885	20	–	1,762
Derivatives – forward currency contracts (liability)	(4,638)	(1,182)	–	–	(5,820)
Net outflow	**(3,781)**	**(297)**	**20**	**–**	**(4,058)**

	< 6 MONTHS $'000	6–12 MONTHS $'000	1–5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
As at 29 June 2025					
Derivatives – forward currency contracts (liability)	(2,198)	(1,391)	(39)	–	(3,628)
Net outflow	**(2,198)**	**(1,391)**	**(39)**	**–**	**(3,628)**

iv. Fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

	AS AT 28 JUNE 2026			AS AT 29 JUNE 2025		
	VALUATION LEVEL 2 $'000	VALUATION LEVEL 3 $'000	TOTAL $'000	VALUATION LEVEL 2 $'000	VALUATION LEVEL 3 $'000	TOTAL $'000
Financial assets						
Forward exchange contracts	1,762	–	1,762	–	–	–
Financial liabilities						
Forward exchange contracts	(5,820)	–	(5,820)	(3,628)	–	(3,628)
	(4,058)	**–**	**(4,058)**	**(3,628)**	**–**	**(3,628)**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	AS AT 28 JUNE 2026		AS AT 29 JUNE 2025	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
Financial assets				
Forward exchange contracts	1,762	1,762	–	–
Financial liabilities				
Forward exchange contracts	(5,820)	(5,820)	(3,628)	(3,628)
Borrowings	(59,000)	(59,000)	(76,000)	(76,000)
	(63,058)	**(63,058)**	**(79,628)**	**(79,628)**

NOTE 19. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by the sum of total capital and net debt. The Group's objective is to ensure the gearing ratio remains below 50%. Included within the Group's calculation of net debt is borrowings less cash and cash equivalents.

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Borrowings	59,000	76,000
Less: cash and cash equivalents	(11,389)	(8,434)
Net debt	**47,611**	**67,566**
Equity	171,366	225,172
Capital and net debt	**218,977**	**292,738**
Gearing ratio	22%	23%

There have been no other changes to the objectives, policies or processes for managing capital in the 52 weeks ended 28 June 2026.

NOTE 20. INFORMATION RELATING TO ADAIRS LIMITED ('THE PARENT ENTITY')

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
Current assets	43	41
Total assets	151,236	123,147
Current liabilities	(2,518)	(165)
Total liabilities	(3,033)	(590)
Net assets	**148,203**	**122,557**
Issued capital	94,954	91,493
Retained earnings	50,541	28,379
Share-based payment reserve	2,708	2,685
Equity	**148,203**	**122,557**
Net profit after tax of the Parent entity	38,985	28,983
Total comprehensive profit of the Parent entity	**38,985**	**28,983**

NOTE 21. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group:

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Short term employee benefit	2,034	1,770
Short term incentives	–	378
Short term non-monetary benefits	–	13
Post-employment benefits	101	84
Termination benefits	–	271
Share-based payments expense / (reversal)	5	(18)
Total compensation to key management personnel	**2,140**	**2,498**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

NOTE 22. EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Profit for the year attributable to ordinary equity holders of the Parent	(39,378)	25,682
Profit attributable to ordinary equity holders of the Parent for basic earnings	**(39,378)**	**25,682**
Profit attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	**(39,378)**	**25,682**

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Weighted average number of ordinary shares for basic EPS	177,461	175,757
Performance rights	531	2,066
Weighted average number of ordinary shares for the effect of dilution	**177,992**	**177,823**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTE 23. INFORMATION RELATING TO SUBSIDIARIES

The consolidated financial statements of the Group include:

		EQUITY HOLDING	
NAME OF ENTITY	COUNTRY OF INCORPORATION	AS AT 28 JUNE 2026 %	AS AT 29 JUNE 2025 %
Home & Décor Pty Limited[1]	Australia	100	100
Adairs Holdings Australia Pty Limited[1]	Australia	100	100
Adairs Retail Group Pty Limited[1]	Australia	100	100
Wilder Days Pty Limited	Australia	100	100
Adairs New Zealand Limited	New Zealand	100	100
Mocka Holdings Pty Ltd[1]	Australia	100	100
Mocka Limited	New Zealand	100	100
Mocka Products Pty Ltd	Australia	100	100
Refocus Furniture Pty Ltd[1]	Australia	100	100
D. Gallery Pty Limited[1]	Australia	100	100
Focus On Furniture Pty Ltd[1]	Australia	100	100
Furniture Online Australia Pty Ltd[1]	Australia	100	100
Beds Online Australia Pty Limited[1]	Australia	100	100
Home and Décor New Zealand Limited	New Zealand	100	100

1. Entity is party to a Deed of Cross Guarantee.

Deed of Cross Guarantee

The subsidiaries identified above are parties to a Deed of Cross Guarantee under which each party has guaranteed to pay any deficiency in the event of the winding up of any of the members in the Closed Group. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned companies) Instrument 2016/785.

These subsidiaries and Adairs Limited (together referred to as the 'Closed Group'), either originally entered into the Deed on 29 June 2011, or have subsequently joined the Deed of Cross Guarantee by way of an Assumption Deed.

The Consolidated Statement of Profit or Loss and Comprehensive Income and retained earnings of the Closed Group is as follows:

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Revenue from contracts with customers	561,290	553,243
Cost of sales	(302,329)	(298,123)
Gross profit	**258,961**	**255,120**
Other income	257	75
Depreciation and amortisation expenses	(59,655)	(57,346)
Salaries and employee benefits expenses	(115,261)	(110,635)
Occupancy expenses	(13,423)	(13,202)
Advertising expenses	(12,859)	(12,389)
Other expenses	(21,282)	(13,821)
Impairment of intangibles	(63,499)	–
Transactions with related entities outside of the Closed Group[1]	(432)	30,157
(Loss) / earnings before interest and tax	**(27,193)**	**77,959**
Finance expenses	(20,011)	(20,556)
Finance income	157	237
(Loss) / profit before income tax	**(47,047)**	**57,640**
Income tax benefit / (expense)	1,820	(7,751)
(Loss) / profit after income tax	**(45,227)**	**49,889**
Items that may be reclassified subsequently to profit and loss (net of tax):		
Net movement of cash flow hedges	(1,312)	(4,905)
Income tax relating to the components of other comprehensive income	393	1,472
Other comprehensive loss	**(919)**	**(3,433)**
Total comprehensive (loss)/income	**(46,146)**	**46,456**
Retained earnings		
Retained earnings at beginning of period	139,290	113,061
(Loss) / profit after income tax for the period	(45,227)	49,889
Dividends paid	(16,823)	(23,660)
Retained earnings at end of period	**77,240**	**139,290**

1. Transactions with related entities outside of the Closed Group primarily relates to dividends and other intergroup charges received and paid between the Closed Group and other entities controlled by Adairs Limited.

Consolidated Statement of Financial Position of the Closed Group is as follows:

	AS AT 28 JUNE 2026 $'000	AS AT 29 JUNE 2025 $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,610	5,974
Trade and other receivables	5,445	7,582
Inventories	79,719	80,919
Current tax receivables	–	1,086
Derivative financial instruments	1,285	–
Related party receivables	7,045	4,281
Other assets	5,572	6,321
TOTAL CURRENT ASSETS	**104,676**	**106,163**
NON-CURRENT ASSETS		
Property, plant and equipment	38,847	33,249
Intangibles	122,870	203,910
Right-of-use assets	194,233	200,013
Investment in subsidiaries	84,494	84,494
Derivative financial instruments	20	–
Deferred tax assets	7,604	–
Other assets	1,114	1,463
TOTAL NON-CURRENT ASSETS	**449,182**	**523,129**
TOTAL ASSETS	**553,858**	**629,292**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	56,461	51,932
Deferred revenue	15,460	16,996
Lease liabilities	49,975	46,348
Current tax payables	2,453	–
Provisions	9,655	11,122
Derivative financial instruments	5,658	3,002
TOTAL CURRENT LIABILITIES	**139,662**	**129,400**
NON-CURRENT LIABILITIES		
Deferred revenue	1,279	1,331
Deferred tax liabilities	–	5,905
Borrowings	59,000	76,000
Lease liabilities	174,726	179,546
Provisions	7,715	6,482
Derivative financial instruments	–	39
TOTAL NON-CURRENT LIABILITIES	**242,720**	**269,303**
TOTAL LIABILITIES	**382,382**	**398,703**
NET ASSETS	**171,476**	**230,589**
EQUITY		
Contributed equity	94,954	91,493
Share-based payment reserve	2,330	1,935
Cash flow hedge reserve	(3,048)	(2,129)
Retained earnings	77,240	139,290
TOTAL EQUITY	**171,476**	**230,589**

NOTE 24. DIVIDENDS

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Dividends on ordinary shares declared		
Interim dividend for 2026: 5.5 cents per share (2025: 6.5 cents per share)	9,754	11,432
Proposed dividends on ordinary shares		
Final dividend for 2026: 6.0 cents per share (2025: 4.0 cents per share)	10,717	7,070

Proposed dividends are not recognised as a liability as at 28 June 2026.

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	52 WEEKS ENDED 28 JUNE 2026 $'000	52 WEEKS ENDED 29 JUNE 2025 $'000
Franking account balance as at the end of the period at 30%	70,079	69,533
Franking credits that will arise from the payment of income tax payable as at the end of the period	2,448	–
Franking debits that will arise from the payment of dividends as at the end of the period	(4,592)	(3,030)
	67,935	**66,503**

NOTE 25. SHARE-BASED PAYMENTS

Employees of the Group (the "participants") are granted equity instruments in the Company under the Equity Incentive Plan ("EIP"). The grants of equity instruments occur in tranches at different time periods.

2026 Tranche

During the 52 weeks ended 28 June 2026, 891,135 performance rights were granted to participants under the EIP for nil consideration. The performance rights vest if the service and performance conditions are met. The service condition requires the participants to be employed on a full-time basis by an entity of the Group from the grant date to 25 June 2028.

The performance rights are subject to performance conditions related to earnings per share ("EPS") and earnings before interest and income tax ("EBIT"). The EPS performance hurdle is expressed as the absolute EPS for the financial year 2028. The proportion of performance rights that vest will be pro-rated from 0-100% based on achievement within a range for each performance condition.

The expected life of each performance right granted is 2.6 – 2.7 years which reflects the performance period. No dividends or voting rights are attached to performance rights prior to vesting, however shares allocated following the vesting of performance rights will rank equal in all respect with other ordinary shares.

The assumptions underlying the fair value measurement of the equity instruments in existence during the 52 weeks ended 28 June 2026 are as follows:

TRANCHE	GRANT DATE	INSTRUMENT	PRICING MODEL	EXERCISE PRICE	EXPECTED VOLATILITY	EXPECTED DIVIDEND YIELD	RISK-FREE INTEREST RATE	EXPECTED LIFE (YEARS)	GRANT DATE FAIR VALUE
2024	Nov 2023	Performance rights	Black-Scholes	nil	–	9.0%	4.19%	2.6	$1.18
2025	Nov 2024	Performance rights	Black-Scholes	nil	–	7.0%	4.05%	2.7	$2.14
2026	Oct-Nov 2025	Performance rights	Black-Scholes	nil	–	6.0%	3.34%–3.88%	2.6–2.7	$1.62–$2.01

For the 52 weeks ended 28 June 2026, the Group recognised $14,000 net expense in the Consolidated Statement of Profit or Loss (2025: $5,000 expense reversal).

Performance rights

The following reconciles the movement in performance rights during the period:

TRANCHE	EXPIRY DATE	BALANCE AS AT 29 JUNE 2025	GRANTED	FORFEITED	EXERCISED	LAPSED	BALANCE AS AT 28 JUNE 2026	EXERCISABLE AS AT 28 JUNE 2026
2024	Jun 2026	1,370,382	–	(784,028)	–	(586,354)	–	–
2025	Jun 2027	1,068,215	–	(726,323)	–	–	341,892	–
2026	Jun 2028	–	891,135	(65,300)	–	–	825,835	–
Total		**2,438,597**	**891,135**	**(1,575,651)**	**–**	**(586,354)**	**1,167,727**	**–**

TRANCHE	EXPIRY DATE	BALANCE AS AT 30 JUNE 2024	GRANTED	FORFEITED	EXERCISED	LAPSED	BALANCE AS AT 29 JUNE 2025	EXERCISABLE AS AT 29 JUNE 2025
2023	Jun 2025	982,850	–	(98,238)	–	(884,612)	–	–
2024	Jun 2026	1,735,486	–	(365,104)	–	–	1,370,382	–
2025	Jun 2027	–	1,197,382	(129,167)	–	–	1,068,215	–
Total		**2,718,336**	**1,197,382**	**(592,509)**	**–**	**(884,612)**	**2,438,597**	**–**

The weighted average fair value of the performance rights granted during the 52 weeks ended 28 June 2026 was $1.77 (2025: $2.14).

The weighted average remaining contractual life of performance rights outstanding as at 28 June 2026 was 1.70 years (2025: 1.43 years).

Share options

There are nil share options outstanding as at 28 June 2026 (2025: nil).

NOTE 26. EVENTS AFTER THE REPORTING PERIOD

On 24 August 2026, the directors of Adairs Limited declared a dividend on ordinary shares in respect of the 2026 financial year. The total amount of the final dividend is $10.7 million which represents a fully franked dividend of 6.0 cents per share. The final dividend has not been provided for in the financial report for the 52 weeks ended 28 June 2026.

No matters or circumstances have arisen since reporting date which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company.

NOTE 27. AUDITORS' REMUNERATION

The auditor of Adairs Limited is Ernst & Young Australia.

	52 WEEKS ENDED 28 JUNE 2026 $	52 WEEKS ENDED 29 JUNE 2025 $
Amounts received or due and receivable by Ernst & Young Australia for:		
• Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	609,000	518,000
• Fees for other services:		
Taxation services	123,000	80,000
Advisory services	–	54,000
Other	–	90,000
Total fees to Ernst & Young Australia	**732,000**	**742,000**

Auditors' remuneration disclosed above relate to the audit of the statutory financial report of the Company and any other entities in the consolidated group, fees for tax compliance, as well as advisory and other services related to climate and technology.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 28 June 2026

		Equity holding		
NAME OF ENTITY	**ENTITY TYPE**	**BODY CORPORATE COUNTRY OF INCORPORATION**	**BODY CORPORATE % OF SHARE CAPITAL HELD**	**COUNTRY OF TAX RESIDENCE**
Adairs Limited	Body corporate	Australia		Australia
Home & Décor Pty Limited	Body corporate	Australia	100%	Australia
Adairs Holdings Australia Pty Limited	Body corporate	Australia	100%	Australia
Adairs Retail Group Pty Limited	Body corporate	Australia	100%	Australia
Wilder Days Pty Limited	Body corporate	Australia	100%	Australia
Adairs New Zealand Limited	Body corporate	New Zealand	100%	New Zealand
Home and Décor New Zealand Limited	Body corporate	New Zealand	100%	New Zealand
Mocka Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Mocka Limited	Body corporate	New Zealand	100%	New Zealand
Mocka Products Pty Ltd	Body corporate	Australia	100%	Australia
Refocus Furniture Pty Ltd	Body corporate	Australia	100%	Australia
D. Gallery Pty Limited	Body corporate	Australia	100%	Australia
Focus On Furniture Pty Ltd	Body corporate	Australia	100%	Australia
Furniture Online Australia Pty Ltd	Body corporate	Australia	100%	Australia
Beds Online Australia Pty Limited	Body corporate	Australia	100%	Australia

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 5 August 2026.

NUMBER OF SHAREHOLDERS

There were 13,989 shareholders, holding 178,614,627 fully paid ordinary shares.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity holders by size of holding:

RANGE	ORDINARY SECURITIES	NO. OF SECURITY HOLDERS
1-1,000	2,573,832	5,518
1,001-5,000	12,495,816	4,949
5,001-10,000	12,967,655	1,666
10,001-100,000	45,123,962	1,748
100,001 and over	105,453,362	108

There were 2,461 shareholders (representing 511,092 ordinary shares) holding less than a marketable parcel.

EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities in the Company are as follows:

	ORDINARY SHARES	
NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,021,968	23.53
CITICORP NOMINEES PTY LIMITED	17,413,069	9.75
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,455,961	3.05
BBFIT INVESTMENTS PTE LTD	3,553,562	1.99
HILVE HOLDINGS LIMITED	2,858,979	1.60
BNP PARIBAS NOMS PTY LTD	2,120,767	1.19
MICHAEL CHERUBINO INVESTMENTS PTY LTD	1,646,135	0.92
BOND STREET CUSTODIANS LIMITED	1,586,500	0.89
BOND STREET CUSTODIANS LIMITED	1,406,986	0.79
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,265,735	0.71
TOM HADLEY ENTERPRISES PTY LTD	1,200,000	0.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,194,511	0.67
REFOCUS FURNITURE NOMINEES PTY LTD	999,800	0.56
MR TRENT PETERSON	995,000	0.56
NCH PTY LTD	937,347	0.52
BNP PARIBAS NOMINEES PTY LTD	740,390	0.41
SHARESIES AUSTRALIA NOMINEE PTY LIMITED	710,684	0.40
MR REECE WILLIAM HENDRIX	671,267	0.38
FINCLEAR SERVICES PTY LTD	498,702	0.28
UBS NOMINEES PTY LTD	458,697	0.26
Total – Top 20 shareholders	**87,736,060**	**49.12**
Total	**178,614,627**	**100.00**

SUBSTANTIAL SHAREHOLDINGS

As at 5 August 2026, there are four substantial shareholders that the Company is aware of:

NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES	DATE OF MOST RECENT NOTICE
Paradice Investment Management Pty Ltd	11,761,551	6.73%	5 Sep 2024
Santa Lucia Asset Management Pte Ltd	12,103,000	6.78%	10 Apr 2026
Entities associated with BBFIT Investments	9,107,996	5.10%	7 May 2026
Entities associated with Dimensional Fund Advisors LP	8,938,440	5.00%	7 July 2026

VOTING RIGHTS

The Company's Constitution sets out the voting rights attached to ordinary shares which are as follows:

- On a show of hands at a General Meeting of the Company, every member present in person or by proxy shall have one vote.
- On a poll, each person present in person or by proxy shall have one vote for each ordinary share held.

ON-MARKET SHARE ACQUISITION

There is no current on-market buy-back of the Company's shares.

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CORPORATE INFORMATION

ABN 50 147 375 451

Directors

Trent Peterson

David MacLean

Kiera Grant

Rachel Kelly

John Batistich (appointed: 25 May 2026)

Narelle (Elle) Roseby

Company Secretary

Matthew Edmonds (appointed: 13 March 2026)

Eryl Baron (appointed: 23 April 2026)

Ashley Gardner (resigned: 13 March 2026)

Jamie Adamson (resigned: 13 March 2026)

Registered office

Level 9, 1 Middle Road
Chadstone
Victoria 3148
Australia

Principal place of business

Level 9, 1 Middle Road
Chadstone
Victoria 3148
Australia

Investor Relations website

investors.adairs.com.au

Share register

MUFG Corporate Markets (AU) Limited
Liberty Place
Level 41, 161 Castlereagh Street
Sydney NSW 2000

Phone: 1300 554 474

Auditors

Ernst & Young

Solicitors

Herbert Smith Freehills

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